



The Feedbag



WITHIN THIS ISSUE



How Fast Can You Shift Your Cows?

Looking at tips in using IOFC to monitor payback as we make adjustments in the feeding program.



Grain Highlights

Corn and soybean harvest is looking to have near record setting year even with the hot, dry weather and windstorm damage affecting over half a million acres in the corn belt.

Producer Prices for August 2020

Butterfat: \$1.6275/pound
Protein: \$4.4394/pound
Other Solids: \$.1387/pound



By: Tom Nauman,
Nutrition Manager-Dairy Segment Wenger Feeds

How Fast Can You Shift Your Cows?

I like starting “The Feedbag” by asking myself a question that I think is relevant. Then I set about to ponder and then answer that question. The question above is the one I am pondering lately. Now, this is not me asking how fast can you get cows in and out of the parlor or in and out of the tie stalls. This is me asking how quickly you can shift the output of your cows from what they are doing today to what you would like them to do based on market conditions. For example, in the last edition of “The Feedbag” we talked about the negative PPD’s that we were all getting hit with. If you looked closely at your milk check, the dollar value loss was probably staggering. However, just as staggering, was the dollar value gain that came from the increase in milk protein prices. So, if you could have gone back to April and known what was coming, you would have shifted your cows to somehow make a whole lot less pounds of milk (compensated by way of the PPD) and yet still make as many or more pounds of milk fat or milk protein. And then, for this fall, you would shift them to making more pounds of milk, just as many if not more pounds of protein and be less focused on pounds of butterfat. If we could get our cows to turn as fast as the market turns it would be easy to make money in the dairy business. However, we all know that the only turns that our cows make quickly are the negative ones. When we want them to

shift to something more positive it is always a slow, and often expensive, process.

When we talk about shifting output in order to make the most profit, we know that in almost every case we are looking at the way we feed our cows in order to make the shift we want. Our feeding program has a huge impact on milk volume (and therefore on our Other Solids), butterfat amounts and protein amounts. We also know that within the realm of dairy nutrition products, there are all kinds of products that make the claim of being able to improve milk volume, milkfat pounds or milk protein pounds. Some products claim to improve all three! We also know that some products add 4 or 5 cents to the daily cost of the diet. Others add 40 or 50 cents to the cost of the diet. At the end of the day, the question we need to answer is “Does the money I am spending to make a shift in my cows give me a payback?” If it does, go for it. If it doesn’t, save your money. Fortunately, we have a tool that can help us to determine if the money we spend to cause a shift in our cows actually gives us a payback. That tool we each have is our Income Over Feed Costs (IOFC). We may be able to cause a shift in our cows but if our IOFC doesn’t improve, then all of our

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THIS MONTH’S GRAIN HIGHLIGHTS

As of September 16, 2020

By: Darren Martin



CORN

As of mid-September, corn is rated at 60% good/excellent condition with 5% harvested nationwide. The USDA is now projecting a 14.9-billion-bushel production, which will be more than a billion bushels more than last year’s crop. The USDA has lowered this projection from what could have been a record setting year in large part due to the derecho damage that Iowa suffered in early August. The windstorm that went through Iowa is projected to have taken out over half a million acres and about 9% of the corn crop in the state. Late summer hot, dry weather in the western corn belt

has also lowered the potential for this year’s crop. That being said, we are still looking at having the second largest crop on record and worldwide we will be looking at a record setting corn production year. Brazil in particular is looking to have a record setting crop year. Both the US and Brazil will be able to increase corn exports over this past year.

SOYBEANS

Crop condition for soybeans is at 63% good/excellent, which is down a little from earlier in the summer but much better than last year at this time. The USDA is forecasting a production of 4.31 billion bushels of beans which, if realized, will be our 3rd largest soybean crop on record.

This would also be three quarters of a billion bushels more than last years production and just under 2018’s record of 4.428 billion bushels. Even with a large crop projected the USDA numbers are down from there projections a month ago. As a result, markets have responded by pushing the bean price up. Another contributing factor is exports are strong and at this point the USDA is not expecting that our ending stocks for the 2020 crop year will be any higher than this year.

As always, a lot can change in the grain markets. I enjoy talking with you when you call in to our office, please feel free to call me to discuss grain purchasing and forward contracting opportunities.



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specializing in feeding
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Milk Check Increase-continued

efforts were for naught. So, if you have gotten this far and are looking for the magic formula for getting your cows to shift in the direction you want, I will have to disappoint you. That would take a year's worth of Feedbags to cover. However, if you are looking for tips in using IOFC to monitor payback on various items that can cause a shift, then read on!

Has IOFC changed recently?

That's a great question. In general, the answer is yes. However, more specifically, the answer would be different from herd to herd and within each herd, from cow to cow. Let's take a look at average IOFC per cow per day for a herd making 80 lbs. of milk with a 3.8% fat test, a 3.05% protein test, and a 5.7% OS test using pricing from March, from May and from July. With this scenario we will use a steady feed price and we will peg that feed cost at \$.1154 per pound of dry matter and a DMI of 50 lbs. per day:

	March Price	Daily Value	May Price	Daily Value	July Price	Daily Value
Fat/lb	\$1.9177	\$5.83	\$1.3756	\$4.80	\$1.9583	\$5.95
Protein/lb	\$2.8424	\$6.94	\$2.0918	\$5.10	\$5.6294	\$13.74
OS/lb	\$.18	\$.82	\$.1882	\$.86	\$.1492	\$.68
PPD/cwt	\$1.09	\$.87	\$.93	\$.74	-\$5.86	-\$4.69
Total Income		\$14.46		\$10.89		\$15.68
IOFC		\$8.69		\$5.12		\$9.91

Note: No other milk check deductions (hauling, coop dues, etc.) are shown here. This is for comparison purposes only.

As you can see, May was a real bummer. Also, as you can see, even with the large negative PPD, July was a stronger month than March. That difference of \$1.22 per day in IOFC amounts to over \$36 per head per month and just shy of \$2,200 for a 60-cow herd per month. Value of the milk protein alone is almost double the value in March and 2.7 times the value in May. Now let's look at one more scenario. What if we made only 65 lbs.

of milk per cow but increased fat percent to 4.2% and the protein to 3.3%? Here is what we would see:

	July Price	Daily Value
Fat/lb	\$1.9583	\$5.35
Protein/lb	\$5.6294	\$12.08
OS/lb	\$.1492	\$.55
PPD/cwt	-\$5.86	-\$3.81
Total Income		\$14.17
IOFC		\$8.71

Feed costs would drop by \$.21 per head daily but that is not enough to offset the big drop in gross income that would come from the loss in protein and fat values. IOFC in this scenario is \$1.20 per head per day lower. If we would drop milk production to 65 lbs. daily, we would need to move the fat test up to 4.65% and move the protein test up to 3.55% in order to obtain the same IOFC as the earlier scenario with 80 lbs. of milk per cow. Interestingly, even though we have some wild protein prices and the negative PPD's right now that are playing into these economics, what we are seeing is

pretty normal. We talk to farmers who are on the low side for milk but are tickled with their fat and/or protein tests and conclude that the high component percentages should offset the lower milk amount. Without crunching the numbers, they don't realize that IOFC is lower under those situations. They look at the value of milk per hundredweight and compare it with the neighbor's price and they come to the conclusion that they are better off. In many cases they are not any better off *unless* having more milk

per cow is costing them in some other areas such as herd health or reproduction. Getting our cows to shift output needs to take other things like that into consideration. Because of this, the whole farm picture should be taken into consideration but for now we will keep our focus on IOFC.

At this point it needs to be mentioned that **TRUE** IOFC is not a "one size fits all" proposition because of all of the other items that can impact the milk check. There was a note with the first chart saying that the IOFC was based just on the component values. Trucking and other milk check deductions were not taken into consideration but if you are evaluating your true IOFC you need to think about those items. We have seen as much as a \$1.50/cwt difference in the deductions from milk checks of various customers for those items. We see on one extreme, customers that ship to an independent bottling plant where there are no coop dues, no marketing assessments, no Covid adjustments, and/or no base penalties.

Then we have seen customers that have high deductions for all of these things. We have also seen ones that are in between. A really true IOFC reflects all of these things and because all of these things vary from farm to farm you need to use actual values for your farm to get an accurate picture. In a bit we will talk about how we can help with that.

If I Can Get Good Values, What Do I Do With Them?

Great question. There is no point in getting data unless you do something with it. Accurate data on IOFC can be used for several things:

1. As an aid to making decisions on culling, investment in veterinary care to extend the life of the animals on your

farm, and breeding decisions.

2. As a means to evaluate the financial impact of decisions on feeding strategies and forage strategies.

3. As a means to evaluate the financial impact of decisions on various feed ingredients and feed additives.

4. As a means to evaluate the financial impact of non-nutrition management decisions.

5. To establish benchmarks for monitoring performance of the herd over time and for establishing short- and long-term goals.

If you look at the first four items on our list, you see one word in common and that word is "decision(s)". True IOFC values are more helpful in financial decision making than just milk pounds or milk component percentages. I think that we all realize that more and more, we need to pay real close attention to how we spend every dollar in our operations and determine if what we spend on is a wise use of those dollars. The farmers who do that will be the

Quality Milk Gets Them Set for a Lifetime

By: Stephanie Smith, Calf & Heifer Specialist



In the last 6 months, we've seen a lot of unprecedented events happen with Covid-19

affecting all of us in some way shape or form. Many have turned to new strategies to keep milk sold within their limit as well as keep as much financial stability as possible with new base programs being implemented. A popular option we have seen was the use of whole or waste milk in place of feeding milk replacer. As we see milk prices beginning to rebound, taking a look at the best economic decision is important. A good quality milk replacer is nutri-

ones that have the best chance at being profitable in the dairy business.

Back to Talking About Shifting Cows

We started out with talking about shifting our cows to do something different based on market conditions. The take home message for this issue of "The Feedbag" is that we can shift our cows but we need to make sure that there is an economic advantage to whatever shift we make. If you look at financial data on herds of various sizes in our area, very often it is not the highest producers who make the most money. As we finish out the year 2020 (It is the end of September already!) we want to roll out some tools that we have been developing to help you determine IOFC values for your herd using your data so that you can make sound economic decisions about how you feed your cows. IOFC is more complex than just pounds of milk per cow times the price per cwt for milk minus the cost of feed. What's more, when we look at the income side there isn't much of anything that we

can do to affect the values we get paid per pound of milk component, but there is a lot we can do to influence volume of the components and the cost of producing that volume. A lot of our customers have been telling us for a long time that the problem is the price of milk. However, there are others who don't like the price of milk (and milk components) but they are focusing on volume and cost to produce that volume and are in a much better financial position because they are monitoring that. In order to monitor that you need information and we want to use our computer power to help gather and interpret that data. The more information you have, the better equipped you are to determine if making a shift in the production of your cows is worthwhile. Look for more information on this in next month's issue of "The Feedbag". Until then, as you go about the business of the Fall harvest season, take some time to enjoy the cooler weather and the newly harvested crops.

Above all, however, be safe. ■

tionally complete with a balanced protein to fat ratio along with balanced vitamins and minerals. All of these are essential for high average daily gain, initial udder development and decreased mortality. Calves, like many of us, like consistency! Inconsistencies can lead to stress which results in sickness. Whole milk or waste milk are much more vulnerable to not having the correct ratio of other solids. Let's take a look at what happens to components as soon as the heat wave hits. Summer comes and we see butterfat and protein drop. We may start seeing those numbers begin to rise as we enter the fall months, but as we have seen in many herds, so have somatic cell

counts! Have we considered the amount of bacteria that we are now giving to those calves? Those bacteria could have a big impact on the growth, immunity, and overall development of the calves that consume that milk. We have six months to set that heifer calf up for the rest of her lifetime! Keeping the calf feeding program consistent and complete to maximize growth and health are always important to the calf but economics also play an important role. If you have questions regarding your calf care program feel free to give me a call! ■