



Central Virginia Cattlemen Association Newsletter

2011 Volume No 1

www.cvcacattle.com

January 1, 2011

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- Annual Meeting Agenda
- 2011 Mineral Order Form
- 2011 Membership Form

Upcoming Educational Programs

Tuesday, January 25

Pesticide Recertification
Class at Orange Extension
Office from 1 p.m. to 4 p.m.

Tuesday January 25

Pesticide Recertification
Class at Louisa Extension
Office from 6 p.m. to 9 p.m.

Thursday, January 27

CVCA Annual Meeting at
Gordonsville Fire Hall at
5:30 p.m. RSVP to the Or-
ange Extension Office (540-
672-1361) by Friday, Janu-
ary 21.

CVCA Annual Meeting

Thursday, January 27

5:30 p.m. at the Gordonsville Fire Hall

RSVP to Orange Extension Office (540-672-1361) by Friday, January 21

The CVCA annual meeting will be held on Thursday, January 27, at the Gordonsville Fire Hall at 5:30 p.m. Enclosed is a copy of the program. We have an excellent speaker, Dr. Bob Holsworth. The ladies at the fire hall always do an outstanding job with the dinner. The CVCA will also elect two new directors at the meeting. If you can attend, please call the Orange Extension Office at 540-672-1361 by Friday, January 21, so we can make the proper meal arrangements. Hope to see you on the 27th.

Mineral Bid (January to July, 2011) Has Been Awarded to Renaissance Nutrition

Enclosed are the January to July 2011 mineral prices and order form. Please take note of several changes. Renaissance Nutrition has the bid for the next six months. We are very fortunate the prices did not increase significantly. Note the pick-up locations will go back to the four farms mineral was delivered to in 2009. The pick-up day will now be **FRIDAY MORNINGS FROM 8:00 A.M. TO 10:00 A.M.** This will give us more time to get the trucks in before pick-up. Please follow all deadlines and make your checks payable to "Renaissance Nutrition".

2011 CVCA Dues

Your 2011 membership dues can be paid by returning the enclosed form with a check for \$50 made payable to "CVCA" or you can pay at the January 27th meeting. Please try to include your up-to-date e-mail address and cell phone numbers so we can keep you better informed. You can find the dues and mineral forms plus up-to-date information at the CVCA web page (www.cvcacattle.com).

How High Will Feeder Calf Prices Go In 2011

The last CattleFax report had the following summary of the current feeder calf market I thought you might be interested in seeing. The feeder cattle futures market continues to march higher in conjunction with the deferred live cattle futures, and in spite of higher corn prices. With placements being higher five out of the past six months and nine out of the past 12, it is becoming a realization to many market participants, particularly the non-commercial or hedge fund traders, that a lack of supply going forward is very real.

The USDA cattle inventory report as of July 1st, 2010 indicated 1 million fewer feeder cattle and calves outside feedyards compared to the year prior. CattleFax estimates that the January cattle inventory report will show between 750,000 and 1 million fewer feeder cattle. The fact that the industry continues to "borrow ahead" from the available supply makes it very evident that eventually we have to pay the toll and placement numbers will drop below year ago levels for an extended period of time.

The feeder cattle futures market is in uncharted territory. Every contract has blown through long-term resistance levels and made all-time highs. It's difficult to say where price resistance lies, because the market has never traded at these levels ever in history. **Bottom Line:** At this point no one knows how high feeder cattle can get, or the timing as to when they will top out. Realize that you won't be able to pick the highs and lows of the market. You will at times leave some money on the table, but also protect against just how far the market may fall at different times in this volatile market environment.

How High Will Fertilizer Prices Go in 2011

In 2008, fertilizer prices made a rapid, alarming ascent before hitting record levels in the fall. The Farm Press recently had an article comparing what happened in 2008 to our current situation. There are a lot of similarities. Commodity prices are up including fuel, and demand for fertilizer is expected to increase by 10 to 12 percent. In 2007 and 2008 we had a 31 percent increase for potash before falling off 17 to 19 percent in 2009 and beginning of 2010. So what does this mean for fertilizer prices this year?

Since the summer we have seen an approximate increase of 30 percent. As we look into 2011, there are some signs that prices could increase further. On the potash side, India and China's use will continue to grow. Fuel prices continue to increase. The demand seems to continue to climb because of higher commodity prices. The value of the US dollar is also negative. All of these factors should be bullish and fertilizer prices will continue to increase in 2011.

What Is The Bottom Line For Cattle Producers

Higher feeder cattle prices especially for higher weight feeder cattle present a real opportunity to increase profits for the cow calf producer in 2011. However, increasing feed cost and fertilizer cost will pull some of that extra money back out of your pockets. Producers need to look for opportunities to take advantage of the higher cattle prices while watching their input cost.

To take advantage of the higher feeder calf price, producers really need to use the marked advantages of putting the cattle through a sale ring this year. We really do not know how high the prices will go or how much our cattle are worth right now. What seems like a real good offer from someone in a rising market may very well be under what you could get for your calves in a sale ring where you have buyers competing against each other to buy your calves. We are very fortunate to have one of the best graded sales in the state in our backyard with Virginia Cattle Company sale at Tucker Livestock. Get the most for your calves by putting them through the ring at one of their weekly sales. Everyone pays a commission when you sell you calves. Sometimes you see it in your check as a deduction, and other times you don't see it by the buyer not giving as high of a price for your calves. Do not fool yourself that you do not pay a commission by selling your calves direct.

The last thought I have on marketing your calves and/or you deciding to wean your calves or not. It will be very tempting to take the high price and sell you calves off of the cow this spring. Just remember that with high corn prices feeders tend to deduct less for higher weight calves. Furthermore, we currently have an uptrending market, so what looks high now could be even higher a couple of months later. If you are interested in marketing weaned vaccinated calves through CVCA sales let Steve Hopkins know by calling him at 540-672-1361. There will be a sale on Tuesday, February 8 and Friday, August 5. Good luck and enjoy the feeling of selling calves in 2011.

