



# TEXAS AND SOUTHWESTERN CATTLE RAISERS ASSOCIATION

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## December 2011 TSCRA Drought Survey Executive Summary

In December 2011, TSCRA conducted a follow-up drought survey of TSCRA members to assess the ongoing impact of the 2011 drought. The original survey was conducted in September 2011. The TSCRA drought survey is the only large-scale survey of drought-affected cattle producers that utilizes actual rancher-provided cattle inventory data. The survey focused on non-confined cattle, primarily in Texas. Because the data is directly from affected cattle producers, the data is accurate and provides fresh insights into the movement of cattle and how ranchers are adapting to drought and market conditions.

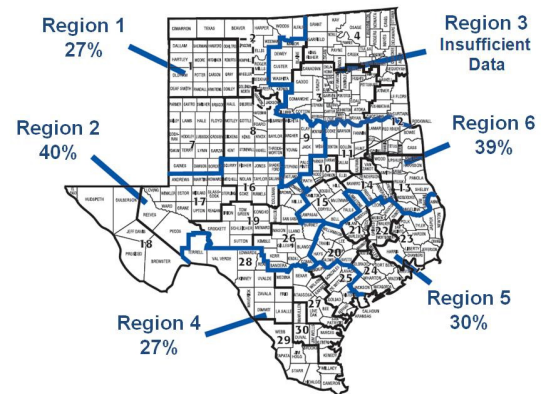
The survey confirms the results of the September survey, indicating the majority of respondents have decreased their total herd size since January 1. The survey also reinforced three themes that will affect the Texas cattle herd into 2012 and beyond:

- Cow herd liquidation slowed since September survey
- Significant change in the timing of cattle marketing
- Ranchers positioning themselves to take advantage of the drought

### Continued Inventory Movement

Seventy-four percent of respondents indicate they have reduced their cow herd; however, the rate of liquidation has slowed. The September survey showed the cow and bred heifer inventory had been reduced by 32% while the December survey shows a slightly greater reduction to 35%. Those with available feeding resources are making plans for the future: 25% of respondents indicate they have made no changes or will increase the number of cows in their herd. Cow herd reductions are shown by region in the chart on the right.

### Cow Herd Reduction by Region



The total number of respondents who have been forced to sell their entire herd remains relatively unchanged at 11%, though many indicated this was a temporary measure. However, some respondents are actively growing. Sixteen percent indicate their total inventory will increase or be unchanged in 2011. Some respondents indicate they have moved cattle out of Texas and Oklahoma, though the overall percentage of cattle moved was low.

Another trend validated by the survey deals with continued movement of cattle to various parts of Texas that provide grazing or feeding options. Respondents noted movement of cattle to wheat pasture, backgrounding yards, feedyards, Conservation Reserve Program (CRP) land and winter grass pastures. The data also indicates movement of cows and replacement females into feeding scenarios traditionally reserved for calves and yearlings.

### Marketing Cattle Early

Survey respondents have been aggressively marketing calves from their 2010 and 2011 calf crops. Ninety-four percent of the 2010 calf crop was sold between January and December 2011, indicating a relatively small number of cattle were retained for breeding purposes. Similarly, 53% of the 2011 calf crop has already been sold and many comments indicate the balance of the calves will be marketed earlier than normal due to lack of affordable feed or pasture options.

The survey data clearly indicates respondents have been aggressively marketing calves and culling poor performers across all classes of cattle. The data confirms the marketing of cattle earlier than normal. It appears cattle that normally would be marketed in the first quarter of 2012 have already been sold and moved. Remarkably high cattle prices are also providing significant financial incentive to sell cattle early and allow pastures to recover from the drought. Many respondents are using high cattle prices to fund numerous planned improvements in their operations or to repay lenders.

### Positioning for the Future

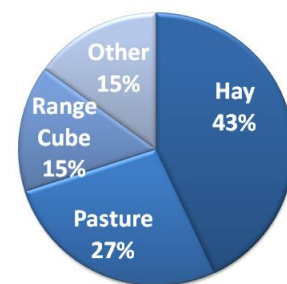
One key difference between the September and December survey is the availability of alternative pasture and feed options that did not exist 90 days ago. Most portions of Texas have received at least some rain between surveys, which has helped winter pastures develop. Many respondents indicate they are utilizing these options (wheat, rye, etc.) for non-traditional cattle classes. For example, some respondents have placed significant numbers of cows on wheat pasture normally reserved for yearlings.

Other respondents indicate they are using the time of the drought to improve their pastures through brush control, for tank cleaning or improvements, to locate and secure new leases, or to upgrade their genetics. Nearly all respondents understand that, though the drought has taken a toll, the land and cattle herd will recover and they intend to be positioned to take advantage of future market conditions. In fact, some respondents indicate they have capacity for more cattle at this time and are bringing cattle into Texas from other areas of the country.

### Other Observations

The availability of affordable pasture, hay and water continues to present major challenges to respondents. Eighty-eight percent indicate their feed prices have increased. The average feed price increase across these respondents is \$101 per ton over their base feed cost in a normal year. Only 1% of respondents have seen feed or pasture costs decrease. The primary source of feed continues to be hay, followed by pasture, range cube and other options, primarily supplements.

Feed Sources



Respondents were also asked what the biggest challenge was to retaining the cattle they had left. Fifty-four percent indicate the availability or cost of hay and 31% indicate the availability or cost of pasture. Eight percent indicate water will be their biggest challenge.

### Survey Methodology

*The December TSCRA Drought Survey was a follow-up to a survey conducted in September 2011. The December Drought Survey was conducted online. It was launched on Nov. 29, 2011, and was accessible to members through Dec. 16, 2011. Email invitations were sent to approximately 7,847 TSCRA members. Feedyard, allied, and student members were excluded from the sample, so study data excludes cattle on feed and other confined feeding inventory data. A total of 1,607 members visited the survey and 811 responded. Oklahoma responses were not statistically significant and have been excluded from the regional calculations. Invalid responses were removed from the final results, resulting in a total of 783 respondents for this study, with a margin of error of +/-3.3%.*