



**Gibson Insurance Group**

*“The Risk Management Specialists”*

# Livestock 2018

September 2018 Issue 2

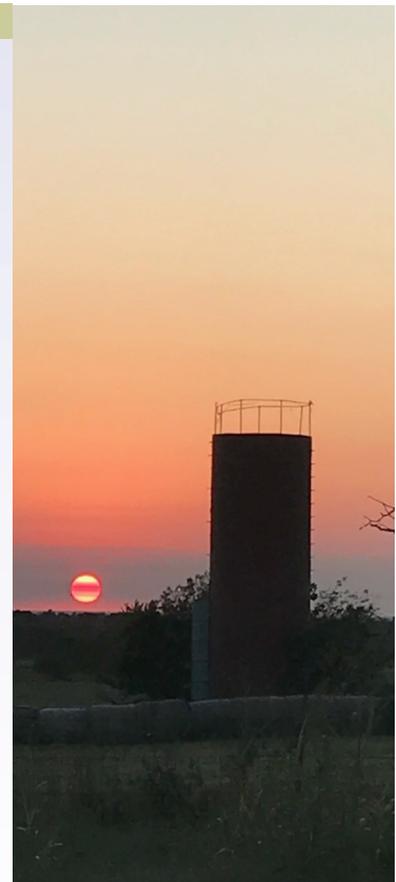
## Test Your Hay

The dry weather this summer has been hard on crop farmers but it has been absolutely brutal on cattle producers. Livestock producers know grass and fresh water are essential to their operations. The drought didn't start yesterday, last week, or even last month, it was further back than that. As the summer of 2017 turned into fall, livestock producers waited for the rain to fall to restart pasture growth as the cool season grasses emerged from dormancy. For many producers it was a futile wait. Stockpiled pasture forage, what little there was, soon disappeared. Producers were forced to use their hay supplies much sooner than they had planned. USDA's NASS released a report this past May that put hay inventories down by 61% as compared to a year ago. We can put a measure to the hay shortage but we can not measure the effect of the lack of fresh water in creeks and ponds because of the drought. We are still waiting for the rains to come and relieve the drought conditions we are facing. In the meantime, producers are struggling to find forages and feeds for their livestock.

Like many cattle producers, I choose to buy all the hay that is fed in my operation. This year the price of hay has sky rocketed as it did in 2012. Hay that is normally priced in the 25-30 dollar per bale range is currently selling for 80 to 118 dollars for a 5x6 bale. These numbers will not work in any operation. This year, instead of buying grass hay, I will be doing things differently.

Cattle need a certain amount of roughage in their diet, but it doesn't have to come in big round bales of grass hay. Conditions like we are facing this year are forcing producers to become more creative in finding sources of forage. This year I will be using cover crops of wheat, rye, and triticale inter-seeded into my pastures. I will also be feeding baled corn stalks and wheat straw to get through the year.

Stalks and straw alone do not have the nutrition levels to support cattle when fed alone. This year the majority of hay being sold also fall into this category.



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*Hay Sample Notes*

*Corn Stalks— sample baled in 2017  
1st & 2nd— samples taken from Cut Hay from the same field  
These samples were a mix of red clover, fescue, orchardgrass, and timothy*

*All other samples were taken from area producers that was harvested this spring/summer.*

*Regular fescue hay will have around 7% crude protein.*

*Corn stalks are on average 1% lower in crude protein than fescue*

## Test Your Hay (continued)

The important thing to do is test your hay or forage and see what needs to be added to make a good ration to give your livestock the nutrition they need to not only survive but thrive.

When you receive your forage test back it will contain a lot of numbers that you may not understand. There are, however, two numbers that are very important. These are the numbers for Crude Protein and TDN.

Crude protein is an estimate of the feed’s protein content. This is calculated by measuring the amount of nitrogen in a sample and multiplying it by a factor of 6.25 to figure out the amount of protein that it contains. TDN stands for Total Digestible Nutrients. This figure represents the energy in the diet by totaling the digestible proteins, digestible carbohydrates and fats in the sample. You can use these numbers to balance a ration for protein and energy. It is important to use the numbers listed on a Dry Matter basis (DM).

A dry cow needs a lesser amount of nutrition than a cow in the third period or one nursing a calf. However, in most of our operations, we will most likely be feeding cows in various stages of gestation. The importance here is to take the highest requirement and feed all cows the same ration.

Below is a chart of the nutrient requirements of a 1300 pound cow with average milking ability. I found this from Kansas State University Extension.

**Nutritional requirement of 1300 pound beef cow with average milking ability**

Stage of Production	Crude Protein %	Crude Protein Pounds	TDN %	TDN Pounds
Mid Gestation	6.9	1.5	49	10.8
Late Gestation	7.7	1.8	53	12.5
Early Lactation	9.1	2.2	55	13.4

**Table 1**

Several of our customers have already sent in hay samples to be evaluated. We are going to use a hay intake of 1.8% of body weight to figure the amount of nutrition that the cow will get from this forage. Some cows might eat more than this, but with lower quality forages intake per cow may be reduced.

### Forage Sample Results

Type of Forage	Crude Protein %	Crude Protein Pounds	TDN %	TDN Pounds	Crude Protein Deficit	TDN Deficit
Corn Stalks	7.41	1.73	51.74	12.10	0.46	1.3
CRP Hay	9.37	2.67	59.94	14.02		
Wheat Straw	6.16	1.44	48.42	11.33	0.76	2.1
Wheatlage	11.91	2.78	58.70	13.73		
Forage Sorg.	10.70	2.50	63.94	14.96		
1st Cut Hay	13.89	3.25	61.32	14.34		
2nd Cut Hay	15.50	3.62	61.97	14.50		

*Forage quality will vary. We recommend producers have testing done on their forages*

**Table 2**

## Test Your Hay (continued)

On my operation, the cows are just finishing calving so I will be using the Early Lactation line to help me formulate my ration. I am going to be using a lot of corn stalk bales in the ration along with some type of by-product to compliment the roughage providing my cows with their nutritional needs.

Out of all the samples of hay that were tested only the corn stalks and wheat straw need extra protein and energy supplements. These forages could be easily supplemented with commercial protein blocks or protein tubs to give the extra protein and energy the animal needs. Depending on the size of your operation or your available time, this maybe the most cost effective route to go.

Other producers may choose to hand feed cows to supplement the diet. The following is a list of feeds provide by the University of Missouri Extension that might be considered.



	<u>Crude Protein</u>	<u>TDN</u>		<u>Crude Protein</u>	<u>TDN</u>
Alfalfa Hay	16 - 25%	52 - 70%	Corn Silage	8%	65 - 72%
Alfalfa Pellets	19%	61%	Peanut Skins	17%	61%
Stockpile Fescue	12 - 15%	52 - 60%	Soybean Hay	16%	52%
Ammoniated Fescue	12 - 14%	50 - 54%	Soybean Straw	5%	42%
Johnsongrass Hay	8 - 12%	50 - 56%	Hominy	11%	89%
Prairie Hay	6%	46%	Cane Molasses (77% DM)	6%	74%
Bahia Grass	6%	50 - 53%	Corn Stalks	5%	<50%
Wheat Straw	3%	43%	Dried Distillers Grains	25 - 30%	95%
Rice Straw	4%	40%	Corn Gluten Feed	23%	80%
Cottonseed Hulls	4%	45%	Poultry Litter - Broiler	15 - 40%	36 - 64%
Rice Hulls	3%	13%	Wheat Midds	17%	80%
Rice Mill Feed	7%	39 - 42%	Corn - Shelled	9%	88%
Cotton Gin Trash	9%	42%	Soybean Meal	49%	84%
Soybean Hulls	12%	74 - 77%	Cottonseed Meal	46%	77%

**Table 3**

Lets take my situation where I plan to use bales of corn stalks as my forage source. How can I develop a ration that I can hand feed to supplement my corn stalks?

From the forage sample table (table 2) we see that we will need an additional .46 pound of crude protein and 1.3 pounds of TDN to meet the nutritional needs for my cows. Looking at table 3, I can see what feeds might be available locally to supplement the hay.

For this example, I am going to use dry distillers grain (DDG). This product is 25% protein and has 95% TDN. If I feed 2 pounds of dry distillers grain this will meet my protein needs in this ration.

$$2 \text{ pounds DDG's } \times .25 \text{ Crude protein} = .50 \text{ pound of crude protein.}$$





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**Test Your Hay** (continued)

Now lets see how much energy we added with these 2 pounds of DDG's.

$$2 \text{ pounds of DDG's} \times .95 \text{ TDN} = 1.95 \text{ pounds of TDN.}$$

As table 1 shows, for my early lactating cows I need 2.2 pounds of crude protein (CP) and 13.4 pounds of TDN. When I add the CP pounds and TDN pounds of both the corn stalks and the DDGs I will have satisfied the nutritional requirements for the cow.

With DDG's costing \$135 per ton this will cost me about 13 cents per head per day to add the extra protein and energy to cornstalks to meet the cows nutritional requirements.

There has been many questions from producers across the southern part of the state about feeding poultry litter. This product is a good feed source but will need to be analyzed as the nutritional values can vary a great deal. The sample we tested was 24% protein but only had a 39% TDN. By using this product you could add the protein that you might need but you may have to add corn or some other energy source to bring the TDN levels up.

Remember the only things we have looked at are crude protein and TDN when making a feeding ration. When you decide on a ration to feed your cows it would be a good idea to run the ration by your feed dealer, nutritionist, or extension office to see that your calcium and phosphorous levels are where they should be. It is important that we keep a good quality mineral available for these cattle at all times.

As producers continue to seek out all different types of forage and feedstuffs to make it through these tough times it is important to test these products. Testing is a cheap way to making sure that you are supplying the nutritional needs of the animal.

**Do I Need Pasture and Hay Coverage?**

The Pasture Rangeland and Forage program (PRF) is a highly subsidized program that is offered by the USDA through private companies. This program protects cattle producers against periods of dry weather like we have seen in 2018. Even when producers are slightly short on rainfall this program compensates them.

We must ask ourselves "Does drought and dry weather affect the cattle and hay operation on my farm?" The answer to this question would have to be yes. We are seeing the same issues in 2018 that we did in 2012. The drought has caused hay prices to go up and cow prices to go down. Hay supplies statewide are very low and the cost of hay, if it can be found, is extremely high. Due to the drought many producers found themselves feeding hay or feed early due to the poor conditions of pastures. Anytime the operation has to vary from normal practices there are increased expenses.

A number of producers have had to sell some or all of their breeding herd due to these extreme conditions as it was too cost prohibitive to keep their herds. In these extreme cases the producer not only lost his source of income but he did so when prices were depressed due to the dry conditions. Young bred cows today are bringing only 1/3 as compared to a year ago due to the drought conditions. When the drought lifts, these same producers will have to repopulate their herds at a much

## Do I Need Hay and Pasture Coverage? (continued)

higher price than the current depressed market. We saw this happen in 2012 and we will see it happen again in 2018.

The PRF program is very simple. The policy guarantees up to 90% of the normal rainfall in a small area in which your farm lies. These areas are called grids. Each grid is about 11 miles wide by 17 miles long. Each grid has its own specific rainfall data. Only the rainfall that falls in that grid is calculated. There are usually 5-7 different grids in a county and the rainfall amounts within these grids does vary considerably.

Producers must choose at least 2 or more 2 month periods when rainfall is most important to their operations. It has been common for producers to pick the summer months to protect as this is the time of year when rainfall produces forage that our cattle can use. May/June, July/August, and September/October have been the most popular periods that many of the producers have chosen. Other producers have chosen to cover all months to give them year round protection. This decision varies from producer to producer.

The cost for coverage usually runs around \$6 per acre for the highest level of coverage. Prices will vary slightly depending on the months chosen. Prices and coverage values will also vary by regions within a state. Premiums are subsidized by the USDA at a rate of 51-59%. Premiums aren't due until September 1 of the coverage year. There is no cost up front for this coverage. If a producer has losses prior to the billing date the cost of this coverage will be taken out of the loss checks. Any loss payments left over will be mailed to the producer. All loss adjustments are automatic. Final rainfall numbers are usually released 45 days after a period ends and loss payments made within a week of that. There is no need for the producer to do anything.

### **Example :**

*Joe Producer has 100 acres of pasture land that he wants to protect. He chooses to divide his risk over the 3 periods of May/June, July/August, and September/October. He decided to protect 1/3 of his acres in each period. His annual cost for this protection will be approximately \$600 to insure his 100 acres.*

*Joe's coverage allows him to value his insured pasture acres at \$70 per acre. When May/June precipitation was calculated at 40% of normal rainfall for his grid he received a loss payment of \$35 per acre on the acres protected in that period (1/3 of 100 = 33.3 acres). His loss for the May/June period would be \$1166 (33.3 acres x \$35).*

*In July/August precipitation for his grid was calculated at 80% of normal for this period. This time a payment of \$7 per acre was generated for a total of \$233.*

*September/ October precipitation calculated at 120% of normal. This was above his 90% coverage level therefore no payment was due.*

As you can see this product will pay for itself very fast in periods of dry weather. The time is now to start preparing for the 2019 growing season. If you haven't already done it this is the time to sign up in the PRF program to protect both your pasture and hay ground for drought conditions like we experienced this year. The producers that were affected by the drought of 2018 with PRF coverage in place have found themselves with the extra funds to purchase both hay and feed. Producers without this coverage are definitely feeling the effects of the dry weather and the extra expense it brings to the farming operation.



Please feel free to contact Gibson Insurance Group or any of our agents listed on the back of this newsletter to help you sign up for this program. If you belong to a farm group that would like to learn more about these coverages contact us. We will be glad to put on a presentation and answer any questions that you may have. It is always our goal at Gibson Insurance to help all producers across the Midwest to protect their livelihood. If we can be of any help or answer any questions please contact one of our agents or call the main office 660-433-6300.

## Don't Do These 5 Things During a Drought!

By Jared Royer

### Livestock Risk Protection



*LRP is a simple and cost effective way of locking in a minimum price floor for your livestock.*

*Call us at 660-433-6300 to explain the benefits to you and your operation.*



A wise, experienced cattleman once gave me some advice that I'll never forget. He said, "There are 2 things you always need to remember in the cattle business young man (this was several years ago). When someone tells you what their cows weigh, add 300 lbs. And when they tell you what their round bales weigh, take away 300 lbs." This advice has been pretty much on target for the past 25 years. When we take an old cull cow to the sale barn, she usually weighs more than we expect. And it seems our round bales never weigh what we hope.

This advice is also a reminder of all the variables in beef production. Conversely, in today's world, a sow no longer wakes up worrying about what the temperature will be, what she will eat, if it's raining or snowing, if varmints will eat her piglets, etc. Her environment is always the same. For a beef cow, everything changes daily. Her diet changes daily (forage quantity and quality). The temperature changes daily. That's where your management comes into play and is so important. Your cows are depending on you to provide for their ever-changing needs and remove the variables, so they can breed back every year.

We are experiencing a variable in 2018. For many of you, this is the worst drought in several decades. Hay supplies are low, water is a concern, and you hate to face the prospect of culling your core herd that you've worked so hard to develop and improve. With the uncertain future looming, fear can knock us around a bit and emotions swing wildly. Don't let fear dominate your decision making.

### **DON'T DO THESE 5 THINGS DURING A DROUGHT!**

**DO NOTHING.** Although we hope mother nature will be kind to us and solve our problems, we can't turn a blind eye to the situation and expect it to work out. You don't want to end up running out of feed, forage or water in the middle of January and be forced to liquidate. Mark Twain said, "Everyone complains about the weather, but no one does anything about it." In our case, we can complain about the drought, but we also need to develop a plan.

**SELL EVERYTHING.** The sleepless nights and anxiety can be overwhelming. It's hard to see your way out of drought, but you've developed a great herd of cows. You will probably have to make some hard-culling decisions but holding onto your core genetics is key for your herd's long-term improvement.

**BUYING HIGH COST EQUIPMENT FOR A SHORT-TERM SOLUTION.** Versus selling everything, we also want to avoid spending whatever it takes to hold onto our cow herd. For example, some alternate feed resources may require specific equipment to handle and feed properly. Mortgaging the farm to buy tractors, feed mixers, bunk lines, and build a commodity shed, may be a long-term financial burden for a short-term solution. You're familiar with the old saying, "He spent a dollar to save a nickel."

## Don't Do These 5 Things During a Drought (continued)

**GO IT ALONE.** Don't forget you have a generous community in the cattle business. You can pool your resources with others to work through difficult times. Or you may know someone not experiencing drought that will help you. I highly value being an independent cattle producer but doing it all on your own isn't always the best. We all need support through difficult times.

**REMAIN NEGATIVE.** If we live long enough, we'll experience difficult times. While it is not pleasant, we learn the most during difficult times. If we always think we are on the brink of pending doom, it usually comes true. Make sure you keep affirming the good decisions you make and plan accordingly for positive results.

So, what do we do now?

- Inventory your herd
- Inventory your resources (forage, feed, and water)
- Search for other feed resources in your area
- Determine the number of animals you can properly care for.
- Make the necessary herd adjustments.
- Minimize your risk
- Improve your genetics
- Optimize your expenses – develop a budget.

You have many resources available in the beef industry that can help you implement a drought survivability plan. Feel free to contact us at Cattle Visions or Gibson Insurance for developing a plan.

At Cattle Visions, we focus on helping beef producers improve their herd's conception rates and meet their genetic goals with Artificial Insemination. Artificial Insemination is the most cost-effective tool available to improve your genetics and reproductive rates. Please contact us at [cattlevisions.com](http://cattlevisions.com), [jared@cattlevisions.com](mailto:jared@cattlevisions.com), or 866-356-4565. We would appreciate the opportunity to help you.

Below is a summary of services:

### **Bull Owners**

Cattle Visions works to support the Bull Owner by marketing and distributing semen on the best beef genetics in the U.S. We do not own bulls or try to monopolize the best genetics. We're the connection between the Bull Owner and the Beef Producer.

### **U.S. Beef Producer**

We inventory all the beef genetics that are in demand. Whether you have 1 beef female or 1000s, we make it easy for you to get the genetics that work for your operation all from one place with safe and cost-effective shipments. We'll work to try and help make genetic decisions, but we don't push specific bulls (since we don't own them). You, the beef producer, know what works best in your environment. We'll get the genetics you want.

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We offer 2-day A.I. "hands on" training schools. Producers who have the most success with A.I. have learned the skill. If you are willing to commit the time, it is a skill anyone can learn. The more producers that learn to A.I., the better the U.S. Beef Industry.

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*Jared Royer is Co-Owner at Cattle Visions, LLC just north of Columbia, MO*



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*"The Risk Management Specialists"*

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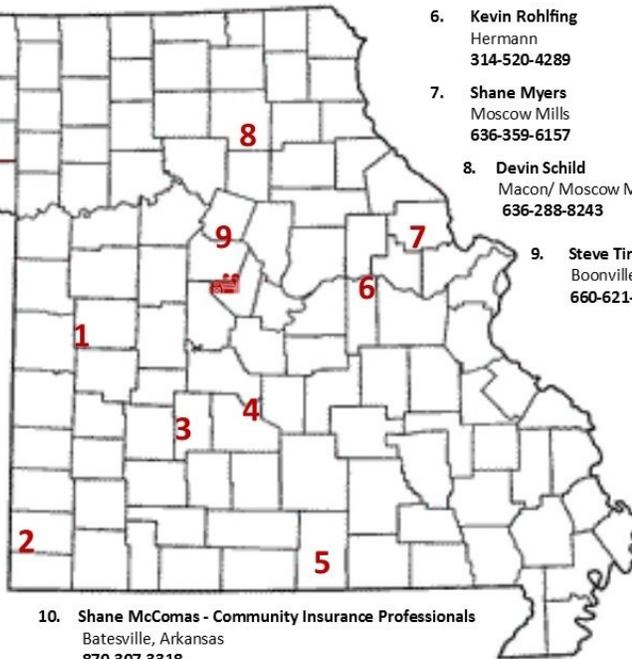
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