



Livestock Winter Series To Cover Current Issues

MSU Extension will be offering a livestock winter series the week of February 16th in 5 area counties. Counties include Richland, Valley, Roosevelt, Sheridan and Daniels. Participant will have the opportunity to balance their rations and update their skills on futures. The program comes at a time when cattle's nutrition requirement is increasing. Make sure that your ration is covering all their needs before you get into calving. Marketing can be one of the most difficult parts in the industry. Futures offer a source of risk management when used properly. Join presenters Dr. Endecott, MSU Beef Specialist and Wade Whiteman, Richland County Extension Agent at one of the following locations. If you have any questions, please feel free to contact your local Extension Office or log onto the web site at www.richland.org/extension/livestock.htm

Dates, Times & Locations

February 16

Richey, 1pm,
Stockman Bank
Glasgow, 7pm,
Cottonwood Inn

February 17

Scobey, 11am,
Nemont Friendship Room
Plentywood, 2pm,
Jubilee Room Courthouse
Culbertson, 6pm,
Legion Hall

February 18

Sidney, 1pm,
ARS Meeting Room

Contact Info

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Explore YOUR MSU Resource in Richland County

Webinar on Beef Cattle Genetics

Rick Rasby, Beef Specialist, University of Nebraska

With technology improvements in past years, Webinars have become a popular setting for producers. You can take in a seminar free of charge from the comfort of your home.

Learn more about beef cattle EPD's, Selection Indexes, and Gene Markers. With the bull sales quickly approaching, all the information presented in a sale catalog can be really confusing. This webinar will help you sort out what the information means and how it can be applied. This webinar will be presented by Dr. Bob Weaver, University of Missouri and Dr. Matt Spangler, University of Nebraska. Bob and Matt are beef cattle specialists with a focus in Beef Cattle Breeding and Genetics. They have a tremendous ability to help you understand this information and answer any questions that you might have. You can view this webinar from your home or office computer, or as part of a program at the extension office.

Join Bob and Matt for this webinar scheduled February 5, 2009, 1:00 to 2:15 cst. At the meeting time, simply click on the following link or copy and paste it into your browser to enter the meeting:

<http://connect.extension.iastate.edu/beefcattle/>

When you go to that URL you will find yourself at a login page. Simply enter your name under the "Enter as a Guest" heading. Click on "Enter Room." The instructions that detail how to join the integrated phone audio conference will be on the screen when you join the meeting.

Anytime before the meeting you can visit the following URL to confirm your ability to connect to the Connect server:

<http://www.extension.iastate.edu/testconnect/>

This webinar is being presented by the Beef Cattle Clearinghouse eXtension Community of Practice.

Selecting an Organizational Structure for Your Business

Joel Schumacher, Extension Economics Associate Specialist, and Marsha Goetting, Ph.D., CFP®, CFCS, Extension Family Economics Specialist and Professor, Montana State University-Bozeman

Selecting the best organizational structure for a new business is only one of the many challenges that business owners will face. The type of business and the needs of the owner often will influence the selection. No one organizational structure is best for all businesses, because each business and business owner is unique. The four common types of organizational structure in Montana include (Montana Census of Agriculture, 2002):

1. Sole Proprietorship (individual, family), 81 percent
2. Partnership, 8 percent
3. Corporation (S or C), 10 percent
4. Limited Liability Company, data not available

The most important step to choosing the appropriate organizational structure is to determine the needs of your business and prioritize them. Each business has unique needs that will help determine which structure is most appropriate.

- ◊ What type of decision making or management structure is needed?
 - ◊ How important is liability for personal injury and product liability?
 - ◊ How important are taxation issues? (for example: treatment of profits/losses and deductibility of employee benefits -- health insurance, group term life insurance)
 - ◊ How important is the transfer of the business to new owners or heirs?
- A description of each structure can be found in the following MontGuide. Before reaching a decision you may want to seek additional information and discuss your specific circumstances with an attorney and/or certified public accountant.

MonGuide MT199708HR can be found at:
<http://msuextension.org/publications/FamilyFinancialManagement/MT199708HR.pdf>
or *GOOGLE* "MSU Extension MT199708HR"

Establishing Livestock Pasture Agreements

Wade Whiteman
MSU Extension Agent

In today's world a hand shake may not seal the deal. We would like to think that a verbal agreement is all we need, but when push comes to shove a written agreement can be very valuable. To set up a lease agreement for pasture, a producer or land owner needs to come to terms of the contract. The following is a list of recommended requirements of a lease.

General Terms

A lease should contain information about each party entering into the lease including all contact information. The lease must include a physical description of the land to reduce confusion of boundaries and available resources such as water and shelter. Other general terms should include dates of when the cattle can begin grazing and date of when they need to be taken out.

Animal Units and Stocking Rates

Parties need to be clear on the stocking rates of the pasture. This will help avoid disagreements on the quality of grass stand. Stocking rates are generally listed as animal unites. The stocking rate is also very important. By setting the pasture on a per acre basis, this can give an incentive to overstock. Likewise, the landlord may desire light stocking rates to preserve pasture, which will not be economical. It is in the best interest of both parties to come to a decision on an agreement that maximizes profit while preserving the resources.

Operation and Maintenance

Parties involved in a lease need to come to agreement on who will be responsible for what and who is going to purchase operation and repair supplies.

A lease should include at least; fence supplies, cost of operation of water system, labor in repairs of the previously listed items and supervisory details. It may also be helpful to include who inspects fences, salt mineral, liability insurance, fly control and loading facilities.

Rental Rate

This is by far the most important part of any lease. Agreeing on a number can be the difficult part. Through our office we can supply you with a range of prices that should be considered as an average. One must weigh factors such as location, water quality, quality of grass and how bad it is needed into the price.

Whether you are leasing pasture from a neighbor or a close relative, a written lease is a must. We do have examples at our office that you can use as a guide or you can go to

<http://www.richland.org/extension/livestock.htm>

to download them. A lease can be an informal hand written lease that both agree on or a formal lease such as those we have available. If you would like more information, please feel free to contact our office at 433-1206 or log onto our website at www.richland.org/extension.



Explore YOUR MSU Resource in Richland County

Economic Recovery is Key to Cattle Prices

Tim Petry, NDSU Extension Livestock Marketing Economist, with Rich Mattern

A housing mortgage crisis in the U.S. during the first part of 2008 quickly turned into a credit market freeze-up and a major international recession during the fourth quarter of the year. The U.S. now faces the most difficult economic climate in at least a quarter of a century.

Cattle and beef markets have reacted in a similar manner to other catastrophic events that we remember occurring earlier this decade, namely the terrorist acts of September 11, 2001, and the discovery of a cow with bovine spongiform encephalopathy in late December 2003.

For the first three quarters of 2008, cattle prices held up rather well, even though the economic environment was not good. However, as the international economic situation worsened in the fourth quarter, cattle prices plummeted.

For the calendar year 2008, fed-steer prices averaged about the same as in 2007, but were highly volatile. On a weekly basis, the USDA reported the five-market average fed-steer price peaked at more than \$101 per hundredweight (cwt) in July. However, during the price collapse in late 2008, prices fell to about \$84, which was the lowest level since the summer of 2006.

During the first quarter of 2008, calf and yearling prices at major markets were slightly above a year earlier. However, prices declined, compared with a year earlier, in the second and third quarters due to skyrocketing feed prices. Although feed prices also plummeted in the fourth quarter, plunging fed-cattle prices caused the lowest quarterly yearling prices since 2004 and calves were the lowest since 2003. In the fourth quarter, 700- to 800-pound feeder steers averaged about \$96 per cwt and steer calves averaged near \$104.

Although the declining prices were devastating to cattle producers, other industries fared even worse. While fed-cattle prices fell about 17 percent from high to low in 2008, crude oil prices declined about 75 percent, corn crashed more than 60 percent, slaughter hog prices dove more than 40 percent, and wholesale chicken breast prices declined nearly 34 percent.

Bankruptcies were a noted business news feature for several restaurant and steakhouse chains, as well as important ethanol and chicken producers.

In general, restaurant sales continued to erode throughout 2008, but some lower-priced fast-food chains actually prospered as consumers sought less expensive dining alternatives. At the same time, some specialty grocery stores struggled, while discount supermarkets did very well as consumers bought more food to prepare at home rather than dining out.

Cattle byproduct values were another victim of the international economic crisis. Byproduct (tallow, hides, liver, etc.) values are very dependent on the export market and reached all-time record highs in the summer of 2008. High oil and oilseed prices, a declining U.S. dollar, and the strengthening economies of export customers all contributed to high byproduct values. However, the dramatic decline in the oil market, coupled with the global economic crisis, resulted in price declines for key byproducts, particularly tallow.

This past summer, about \$12 per cwt of the fed-steer price was due to the value of byproducts. By December, that value had plummeted to about \$6 per cwt.

How long this recession lasts domestically and internationally is anyone's guess, but a recovery is key to higher cattle prices. U.S. unemployment rates are forecasted to increase at least into the summer of 2009 and maybe longer. The new administration and Congress are expected to address the situation aggressively, so we hope a recovery can begin by mid-year.

Volatility in cattle prices likely will continue in 2009, so price risk management will continue to be important. Tightening beef, poultry and pork supplies will be supportive to cattle prices, but demand will continue to be the main driver of prices. A major uncertainty in feeder cattle and calf prices will continue to be corn prices. As spring approaches and corn versus soybean planting intentions surface, coupled with weather conditions, corn prices likely will be volatile.

If a modest economic recovery occurs, the prices of all classes of cattle could be higher in the fourth quarter of 2009 than in 2008. With a continued recovery, 2010 may be shaping up to be a very good year for cattle prices.