

Texas Agricultural Extension Service

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MANAGEMENT TIPS FOR BETTER FEEDER CATTLE PRICES

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Cow-calf producers can control some of the price variation received for calves at auction markets by following good, sound market-management practices. Cattlemen cannot influence or reshape supply and demand market prices, but management expertise in breeding programs, calf crop management and marketing strategy can affect the price received over and above normal sale averages.

Prices received for similar cattle can vary greatly over extended periods of time while price relationships between premiums and discounts remain constant. Successful producers manage away discounts and develop total management programs to insure premiums for their calf crop.

Breeding Herd Management

A cow-calf producer begins to affect the eventual market value of a calf simply by selecting cattle type, breed and calving season. Once the bull is placed with the cow herd, the breeding, calving and marketing season are defined and marketable 7-month old offspring should be available in 16 to 19 months.

Market acceptance is important when choosing breeds. The production of additional weight is pointless if poor market acceptance or desirability, in the form of price discounts, results in reduced total income. Prices received for cattle based upon breed, breed combinations or type are not always logical. Some price discounts may be unwarranted, but the beef industry is traditionally highly conservative and slow to adopt needed changes. Breeds and mating programs should be considered carefully because short-term market preferences may be rapid and severe and breeding programs cannot be changed so quickly.

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Calving Season

Calving season and length of breeding season determines when to sell a 7-month-old-calf. These seasons also determine the cost associated with production of the calf. In Texas, there are basically two calving seasons - fall and spring. It generally costs \$40 to \$75 less per calf to produce a calf born in the spring season (January through March). Spring calves will wean about 25 to 50 pounds heavier than fall calves. Although these calves are heavier and produced more economically, they do not sell on the highest market. Spring calves are generally sold at 7 months of age in July, August or September. This market is \$5 to \$10 per cwt lower than the spring market for fall-born calves.

In most areas, the spring market (February through April) offers the year's best prices because the demand for calves to finish winter grazing or to start early summer grass is usually strong. To sell in spring markets, cows should calve in the fall (September through November) or the producers should hold late spring or summer calves over on winter pasture. Fall calves cost slightly more per head to produce and weigh slightly less than spring-born calves unless winter pastures are provided.

Breed, Type, Condition, Weight and Sex

Stocker and feeder calf buyers use their knowledge and experience to determine which calves will ultimately excel in feed efficiency, average daily gain and quality and cutability grades (USDA Choice No. 2). Visual evaluation of breed, type, condition, weight and sex help determine the economic outcome of the calf.

Frame. Feeder cattle are divided into three frame scores: USDA Small (S), Medium (M), or Large (L). Research indicates large- and medium-framed cattle

outperform small-framed cattle. At market, small-framed cattle generally suffer a \$4 to \$8 per cwt reduction in price.

Muscling. The USDA's feeder cattle muscle scores are USDA No. 1, 2, and 3 or slightly thick, thin and very thin. Number 1's receive \$0.50 to \$2.00 per cwt more than 2's and the No. 3's are discounted \$8 to \$12 per cwt.

Condition. Cattle ranging from thin to medium flesh receive little variation in price, but very thin or fat cattle may be discounted up to \$10 per cwt. Fat feeders are discounted because of the expected poor efficiency of gain and thin feeders because of possible health problems.

Breed Effects. Recognizable breeds and crosses with trait characteristics reflecting differences in performance such as maturity, frame size, muscling, condition and ultimate USDA grading standards generally follow pricing patterns similar to those described. At one time crossbreeds were discounted as compared to straightbreds. This situation has almost completely reversed with the highest prices now being received for desirable crossbreeds containing traditional, exotic and Brahman breeding and combinations common to a particular market area. Cattle with a high percentage of dairy breeding, extremes of any kind and most straightbreds, unless purchased for specialized markets, are penalized. Regional preferences can be highly variable, but favorable prices for any cattle type can be obtained if consistent, adequate numbers are made available.

Sex and Weight. Heifers weighing 400 to 500 pounds usually bring \$7 to \$10 per cwt less than steers. Bulls are discounted in almost direct relationship to weight, against steers. This can range from less than \$3 per cwt for bulls under 400 pounds to over \$10 per cwt for over 800 pounds. Under usual marketing conditions, weight ranges affect the price per pound. Among medium-framed, No. 1 steers, for every 100 pounds of increased weight there is an average reduction of \$5 per cwt, or a 7 to 8 percent drop. Another way to evaluate this is for every 100-pound weight increase, there is an increase of \$30 to \$40 total value per head.

Successful breeding herd management is aimed at high quality, seasonally available, growthy, high-performing, carcass-desirable cattle. Increased weight is justified if it can be accomplished for less than \$.45 to \$.50 per pound. This should be possible on the ranch because fixed cost are present regardless of weight produced. If producing more weight requires too much increased cost or reduced reproductive performance, then the extra weight isn't worth it.

The most severe price discounts are for *extremes* of condition, weight, sex, breed, etc. The logical means of increasing weight is to make genetic selections for individuals which are capable of reproducing and producing extra weight efficiently under the producer's production conditions.

Calf Crop Management

Producers must first produce top-quality, market-acceptable calves, then care must be taken to manage away any possible discounts to insure top prices. Buyers look for well-managed, healthy, thrifty cattle that have been dehorned, castrated, vaccinated and branded. Prudent producers do all that is cost-effective in calf crop management to reduce discounts and sustain premium prices.

Health and Thriftiness

The calf's health is the most important factor to buyers. Discounts for sick cattle can be as high as \$25 per cwt. Specific vaccinations are necessary to reduce morbidity and mortality. A preconditioning program consists of several vaccinations and a feeding program that generally will not pay unless the producer works through a program that will reward him for the added expense.

Thriftiness and bloom are important. Discounts range from \$2.75 to \$7.50 per cwt for listless, unthrifty calves. To maintain thriftiness and bloom, calves should be sold when they peak. "Peaking" is when calves have made all the growth they can from milk and pasture. A higher plane of nutrition is necessary to continue gaining. It generally pays to sell a calf off the cow because calves lose their bloom and attractiveness to buyers if they are held for a week or two after weaning. Calves must be fed 60 to 90 days to regain their bloom.

Dehorning

The discount for horns on calves is minimal but it increases severely for yearlings. In the feedlot, horn cattle require more bunk space, prevent other cattle from feeding properly and may cause bruises that lower carcass values. Dehorned cattle look more uniform, feed better and bring a higher market price.

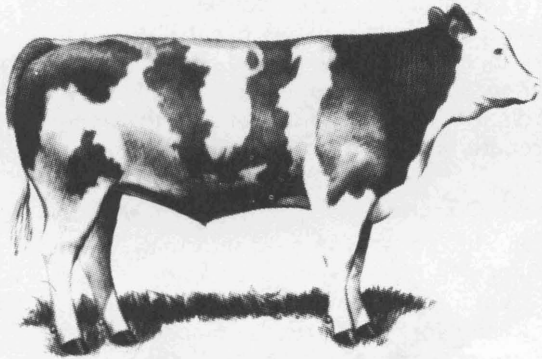
Dehorn cattle as soon as possible. The operation is easier to do and less severe on calves. Methods and devices used to dehorn calves include dehorning liquid, dehorning paste, electronic dehorner, tube dehorner, spoon dehorner and dehorning saw.

Castration

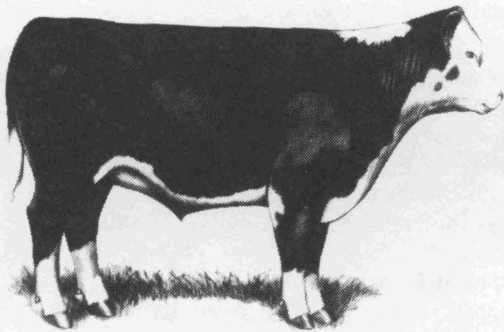
Producers should castrate bull calves because, depending on weight, steers are worth from \$2.75 to \$10 more per cwt. Although bulls are competitive with steers in feedlot and carcass performance, the marketplace does not reward this performance and discounts bull calves as they get older and heavier to allow for weight shrink and possible death loss from castrating. Castrate calves as early as possible, preferably before they are eight months old to minimize risk and prevent a staggy appearance which results in a lower price. Removal of the scrotal sack and testicles is the best method to insure castration and leave little question the animal is indeed a steer.

Official U.S. Standards for Grades of Thrifty Feeder Cattle

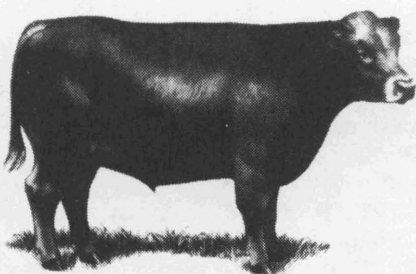
Frame Size



Large

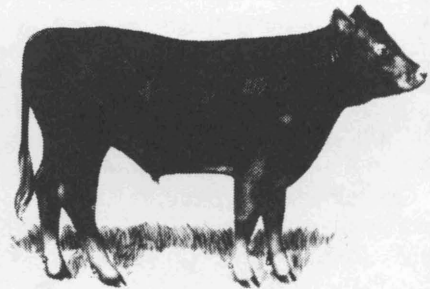


Medium

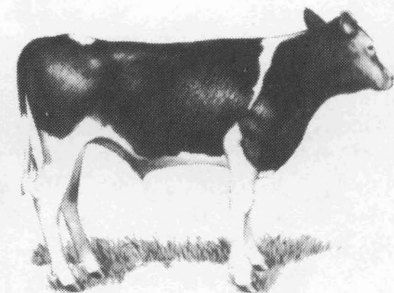


Small

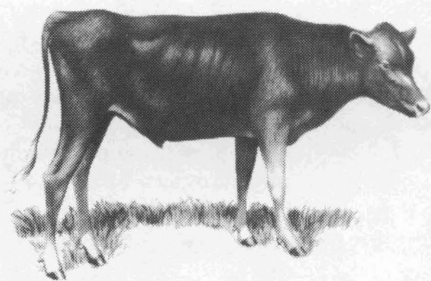
Thickness



No. 1



No. 2



No. 3

Implants

When nursing calves are castrated they should be given a growth implant. Studies indicate growth stimulants implanted in nursing steer calves increase weight gains 10 to 20 percent and increase actual value per head \$10 to \$20.

Branding

Brands are a permanent form of identification which should be registered to provide proof of ownership. The brand provides a trademark and label of the origin herd of the calf. A good brand on good calves is the owner's best advertisement. Calves are usually

branded before weaning time. The hot iron branding method is the most common, but electrical branding irons are becoming popular. The use of branding liquids is discouraged because of blurred brands and wounds that are difficult to heal.

Creepfeeding

Creepfeeding is designed to add weight to nursing calves under pasture situations. In thrifty cattle, under optimal management systems, the cost is too high to put on the additional gain because the producer loses money even though the calves gain additional weight. Stress on cows and calves caused by drought, extreme temperatures or other adverse environmental conditions reduce performance. Under these conditions, creepfeeding could be advantageous.

Occasionally, producers over-fatten calves with additional protein and energy from creepfeed. These calves may be discounted \$5 to \$9 per cwt even though the calf's weight increased. Severely thin cattle are discounted by the same amount. Creepfeeding thin calves increases weight and condition which increases market value.

Fill

A small amount of fill variation is tolerated by order buyers, but extremes are discounted. Cattle fill is classified as gaunt, shrunk, average, full, tanked or over-filled. Gaunt or severely shrunken cattle are discounted up to \$8 per cwt, while tanked or over-filled cattle may be discounted up to \$12 per cwt. Within the shrunk-average-full range, discounts average less than \$1.50 per cwt.

Group Size and Uniform Weight

Buyers prefer feeders bred alike, managed alike and sold in groups of 20 to 40 head. Singles bring \$3.50 to \$4.50 per cwt less than larger groups. Groups of 2 to 5 head bring \$2 to \$2.50 per cwt less. Uniform weights of group-marketed cattle are not as important as once believed and with the exception of extreme variations (150 pounds or over), no discounts are generally noticed. Sorting cattle into smaller groups with narrow weight ranges is not necessarily helpful. In fact, group size premiums of \$3 to \$4 per cwt are so prevalent, producers should not sort for uniform weight if it breaks a large group of feeders into small lots.

Market Strategy

Successful producers study market opportunities and develop a market strategy months or weeks in advance. Producers should study market timing, the cattle market and market trends. They need to guard

against market discounts from calves stressed by loading and hauling on the sale day.

Auction Markets

Markets differ in appearance, facilities, number of cattle handled, types of buyers that attend, etc. Some markets may sell larger numbers of certain types of cattle such as stock cows, baby calves or crossbreds of a specific type. Prices may vary from one market to another on certain classes of cattle due to the hauling distances. Producers should alert the market manager in advance if cattle being sold are out of the ordinary. This gives the manager the opportunity to prepare for the cattle and contact potential buyers.

Market Trends

Producers should stay informed by reading or listening to market reports on a regular basis. A good market manager encourages his customers to call him regularly for price trends. Good cattlemen check prices of yearlings and fat cattle because they reflect what calves will bring now and in the future.

Weather Conditions

Adverse weather conditions can change the value of calves substantially. Cattle numbers moving to market can be severely cut because of prolonged snow, ice or rainfall. This increases prices in other regions. Drought is another variable price factor which causes too many cattle to be marketed during a short time span. Some weather conditions may block transportation to final destinations which depresses prices at local markets.

Good facilities are a must to take advantage of weather-related marketing conditions. Have corrals built with good drainage, keep cattle out of the mud and maintain good, hard-surfaced roads so trucks can get to cattle.

Day of Sale

Producers should wean calves, move them directly to sales and avoid letting calves stand in the hot sun for long periods. The overall health, thriftiness and bloom of a calf is severely reduced when he is rained on, covered with mud and drained of energy. Keep calves calm and provide dry pens or solid pastures to hold cattle until loading. Load calves with as little excitement as possible. Do not crowd too many calves onto a single truck or trailer and be sure they have solid footing.

There is no way to guarantee your cattle will always top the market, but with proper market-management procedures, discounts can be prevented. Increase your cattle's selling value by utilizing a market strategy and using good common sense.

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