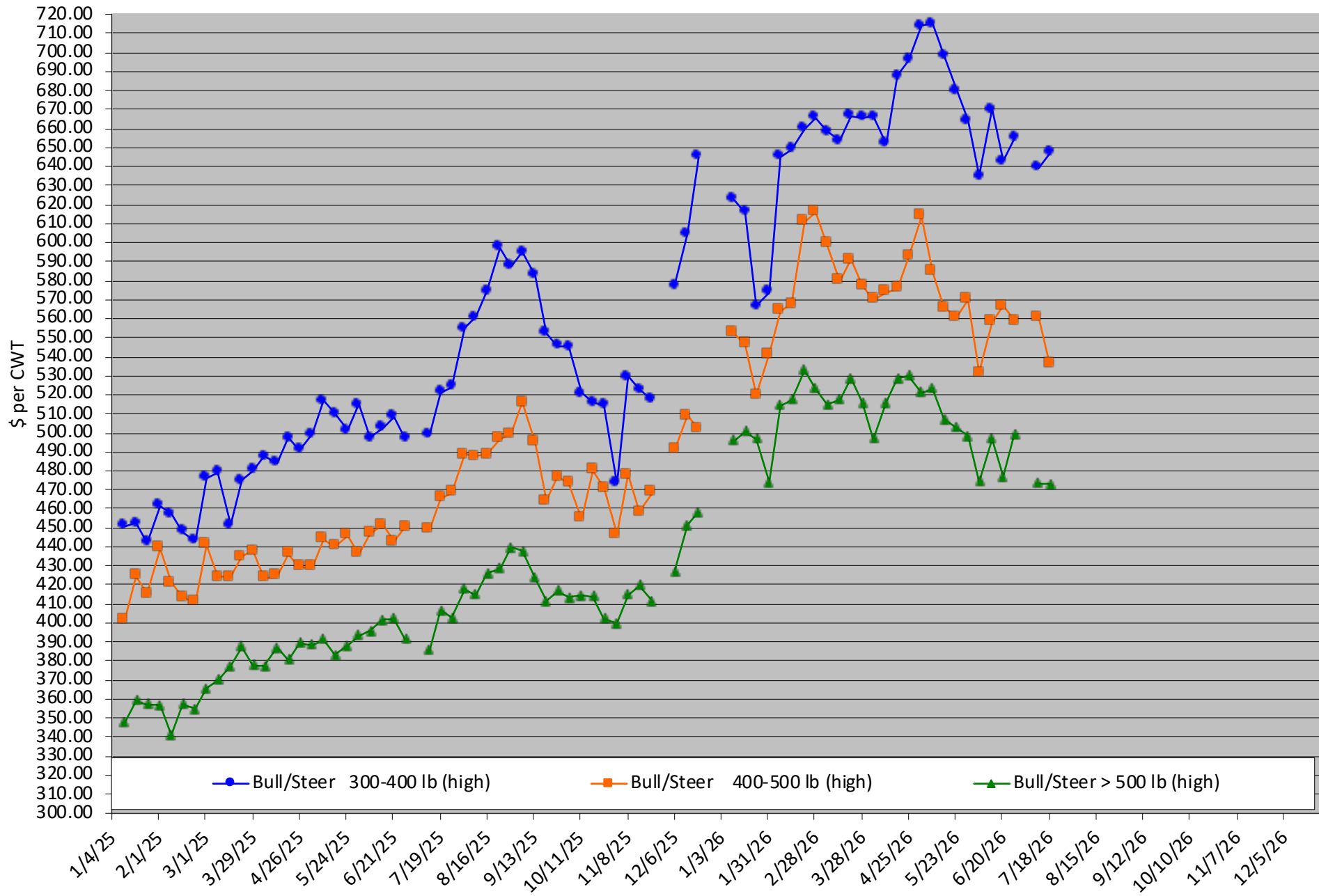


Calf Price Trends

Trend of the Highest Price Reported for Various Weight Calves, Average of 6 East & Central Texas Livestock Auctions

Chart created by Dr. Jason Banta, Extension Beef Cattle Specialist

For a weekly email copy of this chart please email amsensing@ag.tamu.edu or contact a Texas A&M AgriLife County Extension Agent

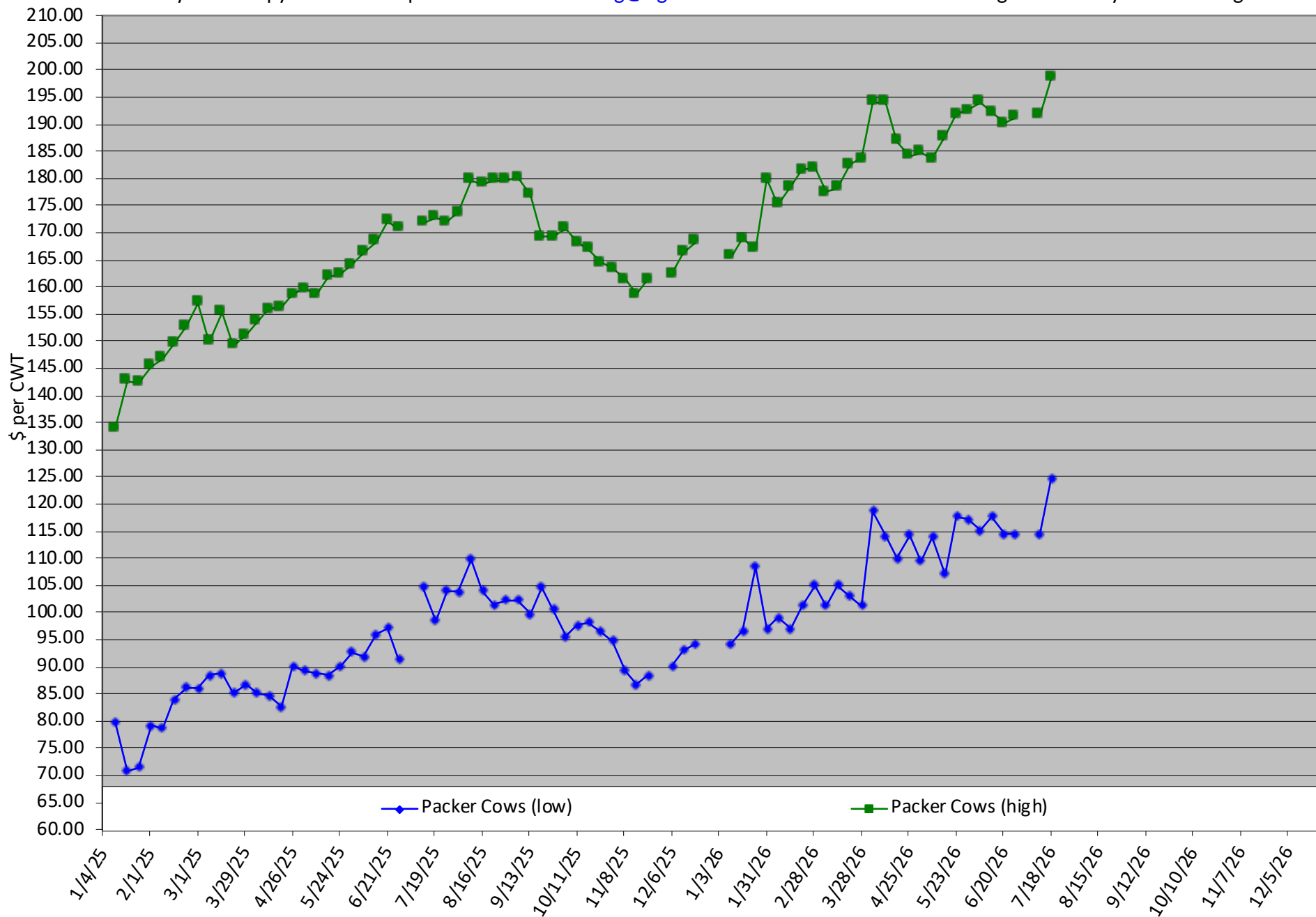


Packer Cow PriceTrends

Trend of High and Low Prices Reported for Packer Cows, Average of 6 East & Central Texas Livestock Auctions

Chart created by Dr. Jason Banta, Extension Beef Cattle Specialist

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WHY DID THAT CALF SELL FOR MORE?

by Jason Banta, Ph.D., Associate Professor and Texas A&M AgriLife Extension Service Beef Cattle Specialist
Department of Animal Science, Texas A&M University

Cow-calf producers may be interested to know that there are many factors influencing the sale price of stocker and feeder cattle, including: health risk, lot size, color, perceived breed type, documented breed type, sex, weight, condition, muscle, frame size, age, horns, time of year, feed costs, transportation costs, eligibility for specific marketing programs, documented genetic potential for growth and carcass traits, outside market factors (i.e., state of U.S. and global economy) and others. These factors can be summed up into items that impact expected performance and cost of gain, and items that impact carcass value. It is important to not just focus on price but also focus on value per head and ultimately net income per cow.

Morbidity and mortality of cattle after they are sold are big factors influencing sale price. Cattle that are well vaccinated, weaned for at least 60 days and are expected to have less sickness and death loss will bring more.

LOT SIZE

For this article, lot size will be discussed in terms of animals being sold by cow-calf producers either individually or in truckload lots (approximately 50,000 pounds). In general, cattle sold in load lots directly off the ranch will bring more than the same cattle sold individually. This premium for load lots is primarily because of reduced health risk and uniformity, which aids in future management. Health risk is reduced for cattle sold directly off the ranch because they are not commingled with other cattle and experience less nutrition stress.

Additionally, selling cattle in load lots directly off the ranch allows for easier documentation of vaccine history, management history, breed, genetic potential for growth or carcass quality, and eligibility for specific marketing programs. Appropriate documentation of this information can result in additional price premiums.

COLOR

Color is one of the first things producers think about influencing calf prices. However, color is only part of the equation and by itself

can be misleading. Not all calves of the same color are equal in quality. Buyers are not just looking for black calves, but high-quality black calves. One reason buyers pay attention to color is it helps provide information about the perceived breed type of a calf. It may also allow animals to meet a requirement to be eligible for a branded beef program like Certified Angus Beef. Additionally, when cattle are being purchased individually or in small groups to be commingled into truckload lots, having cattle of the same color and quality makes the load more uniform.

SEX

Calf sex has a significant impact on the price of stocker and feeder cattle. Steer calves are worth more than bull calves of the same age and quality; the discount for bulls increases with weight. To best capture this value, steers need to be sold in load lots or preconditioned calf sales. Heifers bring less than steers because they grow a little slower and are less efficient.

WEIGHT AND APPEARANCE

In general, lighter weight stocker and feeder cattle bring more per pound than heavier cattle. However, when selling cattle, keep in mind the income generated per head not just the price per pound. The difference in price per pound of a 400-pound calf compared with a 600-pound calf will change depending on the price of feed (mainly corn). With high corn prices, the difference per pound is smaller; with low corn prices, the difference per pound is greater. Another way to think about this is that feeder cattle buyers are willing to pay more for cow-calf and stocker producers to put more weight on cattle when feed prices are high.

Cattle buyers also consider condition, muscle expression, frame size, age and horns when purchasing stocker and feeder cattle. Cattle that are fleshy are generally discounted compared with cattle in moderate condition (approximately a Body Condition Score of 5). In general, buyers want cattle that are medium to large frame with average or better muscle expression. Yearling cattle generally bring more per pound than

calves of the same weight and quality. Polled or dehorned cattle are also preferred.

TIMING AND TRANSPORTATION

Time of year has a significant impact on the value of stocker and feeder cattle and the peak price point varies throughout the year depending on animal weight. In general, the highest prices for 500-pound calves are in the spring and the highest prices for 800-pound feeder cattle is in the fall. These differences have to do with supply and demand as well as the projected time of year when cattle will be slaughtered.

The impact of transportation on calf price is often overlooked. Cattle that are located farther away from feedlots generally bring less than those located closer to a feedlot.

FUTURE FACTORS

In addition to the factors discussed that currently impact cattle prices, it is beneficial to think about what factors may impact prices in the future. Factors that affect labor, health and animal welfare will likely see even more emphasis moving forward.

Docile cattle are easier and more enjoyable to handle, not to mention they are less likely to injure someone, injure themselves or tear up equipment.

From both a performance and animal welfare standpoint, foot quality is a trait that should see more emphasis from cattle buyers in the future.

As genetic technologies and tests or expected progeny differences for immune function, disease resistance, heart failure, etc., are developed or improved, documented genetic improvements for these traits will likely result in premiums for cattle producers.

Cattle with documented genetic potential for improved feedlot performance and carcass quality may even see more premiums in the future. If the last few years are an indication of the future, there will be tremendous demand for high marbling cattle. However, more is not always better as is the case with rib-eye area, in many situations rib-eyes are just too big and carcasses will likely continue to be discounted for this.