

Florida Cow-Calf Management, 2nd Edition - Marketing Feeder Calves¹

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Good marketing means getting reasonable value for the size, weight, number, type and condition of cattle being sold in the marketplace at that time. So, decisions and information affecting these determinants of value are the subject of this chapter.

Market Timing

Beef cattle's economic role is converting low-priced or unmarketable forages into a saleable product. With forage-driven production systems, most cows calve in the spring. Weaning and selling those calves in the fall makes a supply bulge that causes lower calf prices in the fall months.

Figure 1 shows the seasonal price fluctuations of 400 to 500 pound Florida feeder calves. While every year will have its own price pattern, prices are usually highest in March, averaging about 8% above the annual average. Heavy sales of both calves and cull cows tend to depress prices in the fall. Thus prices in August, September, October, and November tend to be about 5% below the annual average price.

Many cattlemen, particularly in south Florida, try to capture the higher prices in the spring by

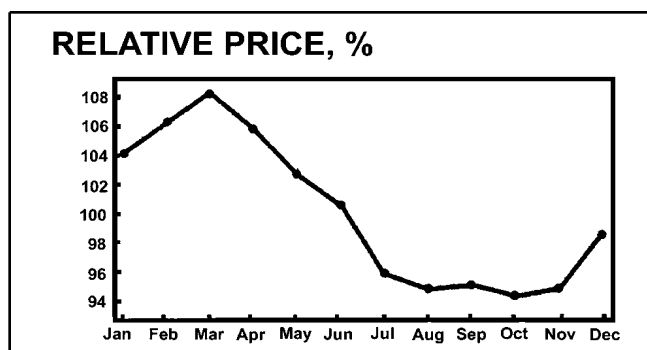


Figure 1. Seasonal fluctuation of feeder calf prices, averaged over several years.

calving in the fall and selling in the spring or summer. Fall calving usually means spending more money for fertilizer and/or winter feed than does spring calving. Deciding whether the extra income from selling heavier calves in the spring and summer will offset the extra expense can be a tough call. The physical modifications to your pastures and handling facilities necessitated by this decision are covered in EDIS Document AN115. Analytical techniques for making it are discussed in EDIS Document AN123.

Cattle cycles are a favorite topic of beef magazine writers because nobody really knows when the variations in cattle numbers will impact cattle

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prices, or by how much. Anybody who has a guess can argue his point by using some previous cycle as evidence. Our crystal ball is too cloudy to permit pronouncements about cattle cycles' impact on cattle prices.

Price Makers

The time of year when calves are sold affects price, as discussed above, but within a sale period, calf weight probably affects price more than anything else. Generally, lighter calves bring more money per pound than heavier calves. If, for example, 1,200-pound slaughter steers were bringing \$70 per hundredweight, 800-pound steers would be worth about \$80 per hundredweight; 500 pounders would be bringing over \$90 per hundredweight.

These example price relationships are based on corn—the basic energy feedstuff—being “normally” priced. In years when corn is high priced, feedlot operators prefer to buy weight rather than feed it on, so the price of heavier cattle improves, relative to lighter feeders. In a recent year when corn was at a record high, slaughter, stocker, and feeder steers were selling within a \$5 per hundredweight spread. Conversely, cheap corn increases the price of lightweight calves relative to heavier feeders.

Uniformity, Quality, and Volume

Feedlot operators try to buy calves that will gain predictably in the feedlot. So, buyers will frequently pay a premium for cattle that are uniform. Uniformity begins with the cow herd and the type of bull used: these topics are covered in EDIS Document AN116. Cows should be of similar breed type and size. Bulls should also be of the same breed if more than one bull is used during the breeding season; there can be a price premium for calves with the same color patterns.

A short breeding season is also an important aid in producing calves that are similar in age and weight. Other management practices that can help calves fetch as high a price as the market is offering are: castration, dehorning, vaccination, and deworming. These topics are covered in EDIS Documents AN120 and AN121.

Markets are topped by calves that are uniform and grouped into truckload lots (48,000 to 50,000 pounds) of steers or heifers. These large, uniform lots can and do attract competitive bids from all the buyers in the market and, hence, sell well. However, most owners of small herds cannot assemble truckload lots and so must look for other ways of selling their calves. Some collaborate with other owners of small herds with similar breeding, attempting to make it easier for buyers to assemble loads of similar calves, thereby improving price per pound.

Most auction barns also group calves or have special sales for calves that have been treated similarly. One such program is called “Southeast Pride.” This program features three different health and weaning programs. Different-colored ear tags identify calves which have been managed according to the different protocols, and several auction barns have set up special sale dates for these calves. More information on the Southeast Pride Program is available from your local County Extension Agent or the Florida Cattlemen's Association in Kissimmee, FL.

Feeder Calf Grade

Regardless of the sale outlet or sales format, buyers fill their orders according to feeder calf grade.

Feeder calf grades classify calves by frame size, according to expected slaughter weights at quality grade low choice and yield grade 3 (approximately .5" back fat). The three frame sizes for feeder cattle are small, medium, and large. Small-framed steers are expected to reach the USDA quality grade of choice at weights under 1,000 lb; medium-framed, between 1,000 and 1,200 lb; and large-framed steers should finish at over 1,200 lb. Heifers have expected slaughter weights of 150 to 200 lb less for each frame size.

Feeder calf grades are further divided into muscling scores of 1, 2, and 3. Number 1 describes approximately 87% of all feeder calves. Number 1s are thickly muscled throughout, with no evidence of nonbeef breeding. Number 2s are less thickly muscled and constitute about 12% of feeder calves.

Only about 1% are in the number 3 (light-muscled) category.

Sex of the Calf Affects Selling Price. Heifers generally sell for 5 cents to 10 cents less per lb than steers, because steers gain faster than heifers. Also, some heifers may be pregnant, causing losses in the feedlot and at slaughter. Heifers in feeder calf sales are now guaranteed as “open” to minimize this difference.

Shrink and Its Meaning to Cattlemen

Shrink (weight loss) in cattle results from a loss of gut fill and/or tissue. Consequently, both buyers and sellers are concerned about shrink, especially since cattle that have undergone excessive shrink are also more likely to get sick.

Pasture weight is greater than auction weight and, in turn, sale barn weight is greater than arrival weight at the feedlot. Differences in these amounts depend upon time, distance, previous fill, and other stresses associated with the marketing process. Recovery from shrink requires anywhere from 5 to 30 days, depending on severity.

Buyers frequently want sellers to give 2% to 4% “pencil shrink,” on direct sale bids. Buyers know that shrink is inevitable and that higher prices per lb can be offered for cattle purchased on a “shrunk” basis. Sellers should be sure that calves are not allowed to shrink excessively prior to weighing (such as overnight without feed and water), and then have to take a pencil shrink as well.

Time and Distance. Primary factors that affect gross shrink are time and distance traveled. Studies indicate that when water and feed are unavailable, cattle shrink about 1% per hour for the first 3 to 4 hours, and about .25% per hour for the next 8 to 10 hours.

Amount of Fill Affects Degree of Shrink. Cattle normally have more gut fill on lush grass, silage, or haylage rations than on hay or high concentrate feedlot rations. Ensuring calves are weaned and on a hay-grain or conditioning diet will result in less shrink than shipping them directly off grass and milk. Calves sold directly off their dams suffer additional

stress because they are not accustomed to eating dry feed and drinking water from unfamiliar sources.

Handling and Shipping. When cattle are handled as quietly as possible and shipped directly from the farm to their final destination in minimum time, both seller and buyer benefit. Weight loss, stress, and cost to regain pay weight are minimized.

Dos and Don'ts for Feeder Calf Producers

As you manage your cattle during transfer of owner, follow these tips:

- Make sure hauling and holding are kept to a minimum in terms of time.
- Don't keep calves off feed and water prior to shipment; maintain them on their regular diet.
- Don't overfill before shipment. Buyers recognize “overfilled” cattle and discriminate against them.
- Handle calves quietly, carefully, and slowly during sorting, loading, and hauling to minimize stress. Make every effort not to move the calves during periods of heat stress.

Regardless of the sales outlet chosen or the time and conditions of sale, sellers need to know what the market is offering. The major source of market news is the Florida Department of Agriculture—USDA Market News Service, Bartow, FL. Phone (863) 519-8477. The Internet address is: <http://www.florida-agriculture.com/livestock/index.htm>.