



2007 Value-Added Calves Marketed Through Oklahoma Livestock Markets

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Preconditioning programs involve a series of management practices on the ranch designed to improve the health and nutrition of feeder calves, thereby reducing the stress associated with shipping calves at weaning, strengthening calves' immune system, and improving performance in post weaning segments of the industry. Thus, preconditioning is intended to add value to calves from both the cow-calf producer's and the cattle buyer's perspective. In fact, research has indicated significantly higher performance of preconditioned calves entering the stocker and feeder phase. Some proven benefits of a preconditioning program include lower death loss, decreased sickness, increased performance, reduced shrinkage, reduced stress, and increased prices.

Because there are numerous management, certification, and marketing options that can be incorporated into the preconditioning process, formal programs come in many shapes and sizes. Some programs offer multiple tiers with increasing management requirements. For example, several programs offer a tier requiring vaccination only, as well as a tier requiring vaccination and a minimum of a 45-day weaning period. One program's certification process may only require the producer to complete and sign an enrollment form, while another program may require a third party to review the information, inspect the cattle, and sign the enrollment form. Most programs were developed by universities, animal pharmaceutical companies, breed associations, or other beef organizations. One of the most common programs available is referred to as the VAC-45 program, which requires producers to background weaned calves for at least 45 days prior to shipment with a proper nutritional program, implement specific health practices plus dehorn and castration. However, there are several other programs that require similar participation and protocols.

There are several marketing opportunities available to producers in terms of value-added calves. In addition to traditional auction markets there are opportunities available in direct sales, electronic markets, breed association alliances, commercial genetic source carcass alliances, natural/organic alliances, and age and source verification markets.

It should be recognized that many producers choose to implement management practices associated with preconditioning without participating in a formal program. Frequently, information regarding the specific management practices is conveyed to potential buyers, but with no formal certification. For example, a producer may implement a vaccination program with no formal protocol of required vaccines from a certification program.

The information compiled in this report is from USDA Agriculture Marketing Service, or AMS, weekly livestock reports. It is 2007 data compiled from any cattle ear-marked as "value-added or preconditioned" from eight major livestock markets across Oklahoma: Oklahoma City, Tulsa, McAlester, Ada, Oklahoma City West-El Reno, Texhoma, Woodward, and Apache. Information was gathered on calves indicated as value-added and compared to other calves of the same weight sold that week. Data collected included the number of value-added calves sold, their sex, and price, plus the sex and price for the number of calves in the same weight range that sold through the same sale.

In 2007, AMS data reports 43,266 calves sold at weights between 300 and 1,000 pounds. 5,168 calves went through the ring as value-added calves, which is 11.9 percent of the calves in that weight range. Figure 1 indicates the break down of heifers sold in 2007 at different weight ranges. Total calves sold in each category are indicated above the bar. The figure compares value-added calves to the calves sold as non value-added. A total of 14,573 heifers were sold with 2,010 value-added, 13.8 percent of the population within the weight ranges depicted below. Figure 2 shows the same information for steers. A total of 28,693 steers were sold with 3,158 being value-added which, at 11 percent of the population within the weight range, is slightly fewer than for heifers.

Figures 3 and 4 indicate the total number of heifers and steers, respectively, by month and weight range sold as value-added. Not all months had sales of value-added calves; therefore, those months are not reported. Notice that during the month of February, value-added heifers sold but there were no value-added steers.

Figures 5 and 6 show the weighted average price (\$/cwt) received for heifers and steers, respectively. Notice the differences in \$/cwt for value-added calves compared to the regular run of calves in the same weight range. A greater-price advantage for value-added steers than for heifers is indicated.

Marketing of value-added calves were in conjunction with scheduled sales of regularly operated livestock markets. There were no specially scheduled value-added sales. At OKC West-El Reno, two sales identified calves sold that were certified to be part of the Oklahoma Quality Beef Network. Those two sales were the first sale of the month during November and December. Due to the small size of the November sale,

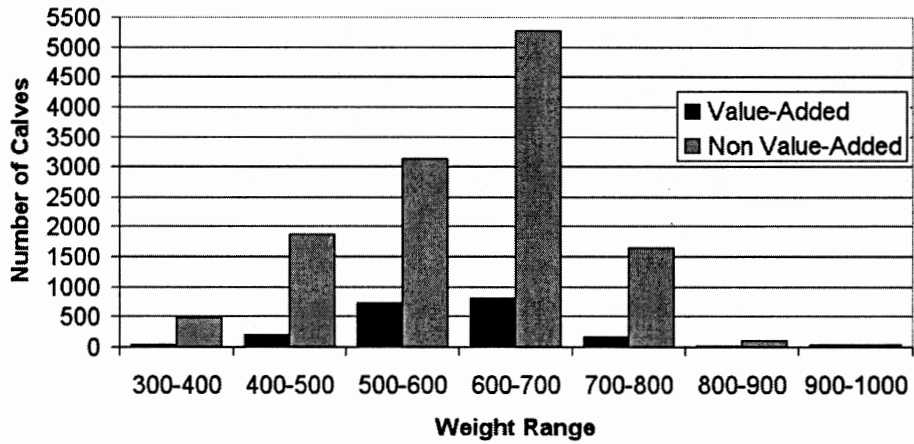


Figure 1. Number of heifers sold in 2007 at different weight ranges.
 * Heifers of different muscling and frame scores were all combined for the total numbers.

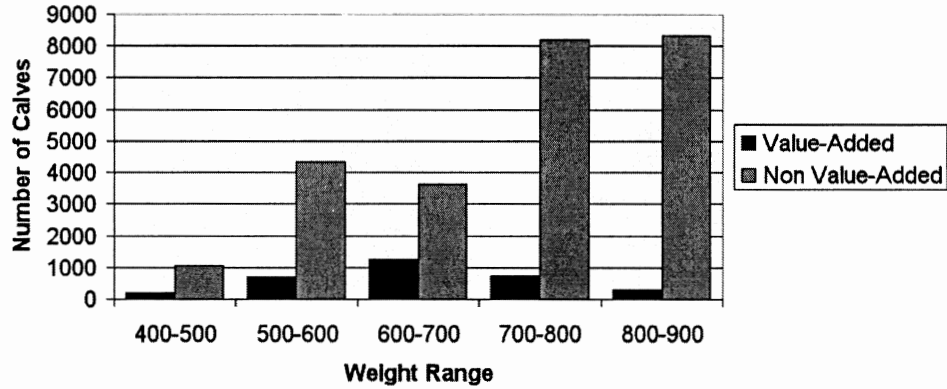


Figure 2. Number of steers sold in 2007 at different weight ranges.
 • Steers of different muscling and frame scores were combined for the total numbers.
 • A small set of steers were sold weighing 397 lbs and was added in the 400 to 500 weight range.

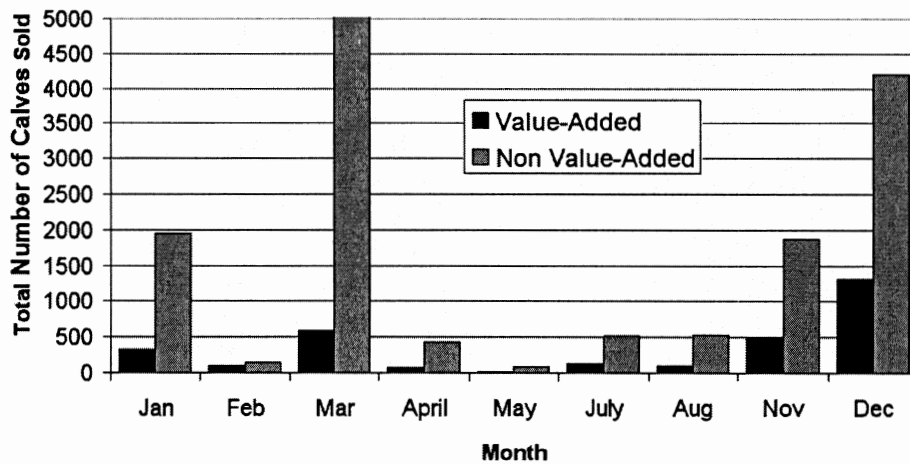


Figure 3. Total number of heifers sold per month.
 *The total number of non value-added heifers sold in March was 15,801.

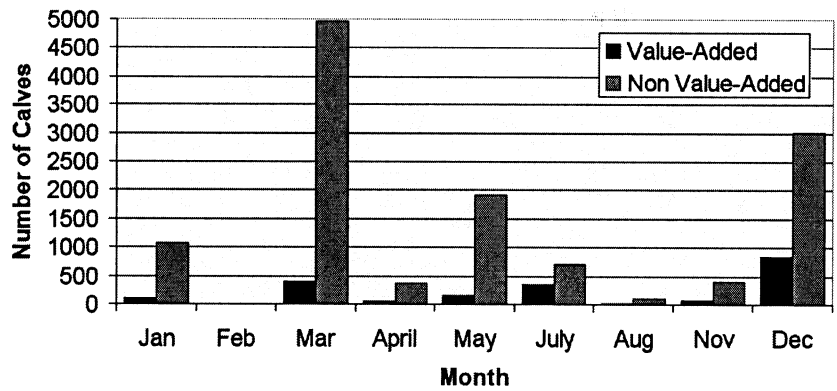


Figure 4. Total number of steers sold per month.
 * No value-added steers were sold during the month of February.

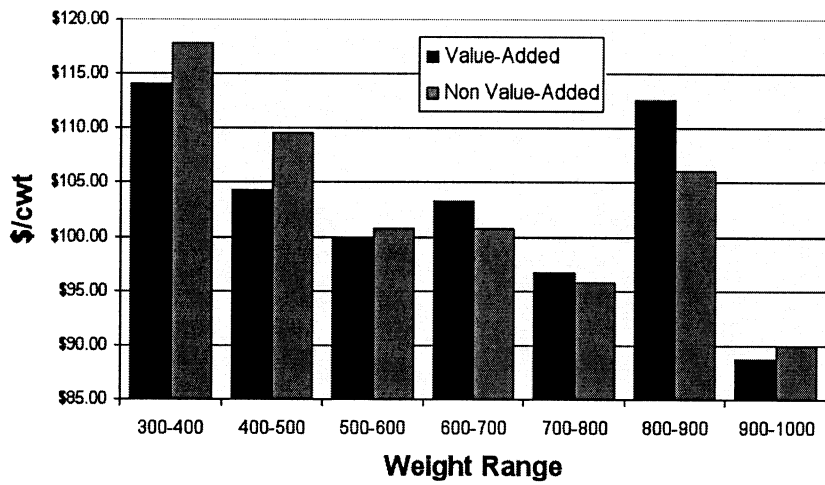


Figure 5. \$/cwt received for 2007 heifers.

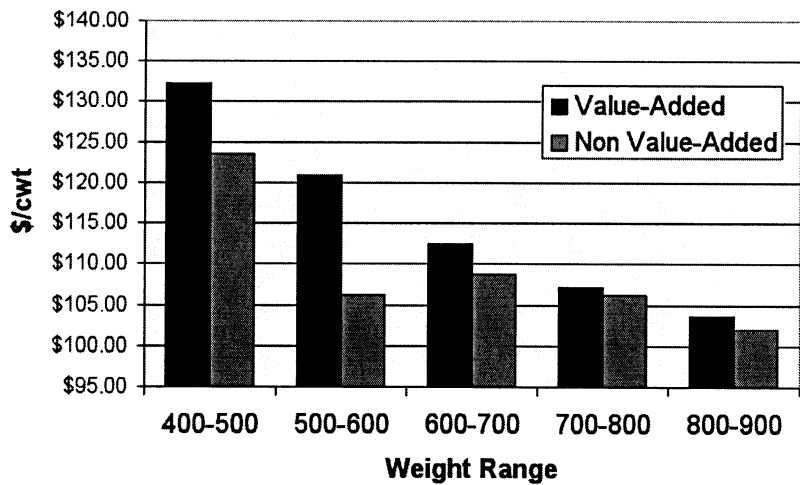


Figure 6. \$/cwt received for 2007 steers.

the reported prices may not be representative of value-added calves. For instance, value-added heifers sold during the month of December for nearly \$9 per hundred more than the regular run of calves. Livestock markets that advertised value-added calves would be present at the next week's sale had higher prices for value-added calves than sales in which no advance advertising was done.

In summary, the industry shows a strong price support for value-added calves. Supply seemed to be strong in early spring, which could be a liquidation of cattle off winter pastures. It is strong again late in the year, which could be sales

of spring born calves. With only 11.9 percent of the calves sold through the reporting markets identified as value-added, there is considerable opportunity for producers to add value and increase their bottom line in these challenging times.

References

Agricultural Marketing Service (AMS). "Market News and Transportation Data." U.S. Department of Agriculture. <http://www.ams.usda.gov/AMSV1.0/ams.fetchTemplateData.do?template=TemplateP&page=Cattle>

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