

COW/CALF CORNER

The Newsletter

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Thinking Outside of the Traditional Stocker Box

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Oklahoma winter wheat is mostly emerged and more than two-thirds is rated good to excellent condition. However, from a forage standpoint, most of the wheat is delayed in development and will need another two to three weeks before stocker turnout. This suggests that the winter grazing period for dual-purpose wheat is likely to be limited to no more than 90 to 95 days. Stocker producers should evaluate carefully what stocker alternatives will work the best in a short winter grazing season.

Feeder cattle prices have made impressive gains in the past four months. Through the summer and early fall, heavy feeder prices increased proportionately more than calves based on strong feedlot demand driven by dropping corn prices. In the past month, calf prices in Oklahoma have increased faster than heavy feeders, with calf prices up 5 to 10 percent while heavy feeder prices have increased 3 to 4 percent. This reflects the strong preference among Oklahoma stocker producers for light stockers, typically less than 550 pounds.

The result is a sharp break in feeder cattle prices in the most recent combined auction prices for Oklahoma, with prices very high and decreasing rapidly at weights up 575 pounds, and decreasing much more slowly at weights above 575 pounds. Consider the following weighted average weights and prices for Medium/Large, Number 1 steers in Oklahoma for the week ending November 1:

475 pounds @ \$203.17/cwt. or \$965/head
576 pounds @ \$174.14/cwt. or \$1003/head
670 pounds @ \$168.89/cwt. or \$1132/head
772 pounds @ \$167.08/cwt. or \$1290/head

The short winter grazing period may limit stocker gains to roughly 200 pounds. The 475 pound steer above has a gross margin of \$167/head (\$1132-\$965) for 195 pounds of gain (670-475) to 670 pounds. This is an average value of gain of \$0.86/pound. Notice that the 101 pounds from 475 to 576 pounds only has a value of \$38/head or \$0.38/pound of gain.

By contrast, purchasing the 576 pound steer only costs an additional \$38/head (\$1003-\$965). Now the gross margin for 196 pounds of gain (772-576) is \$287/head (\$1290-\$1003), which is a value of gain of \$1.46/pound. In a complete budget using March Feeder futures and appropriate basis to estimate selling prices, the 475 pound steer loses \$30-\$35/head while the 576 pound steer shows a positive return above costs of \$35-\$40/head. Feeder cattle market conditions may change rapidly and must be evaluated regularly. At the current time, there are strong reasons to consider heavier beginning weights for a shortened winter grazing period. However, the bigger beginning weights may not work when more total gain is planned. For producers that plan to graze out wheat, the lighter steer will not get too heavy before May. In a situation where the animal will be owned long enough for considerable weight gain, the value of the later gain will mostly offset the poor value of early gains.

Marketing Cull Cows

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

Drought has caused many cow herds to be culled extensively over the last two years. However, some culling of beef cows occurs in most herds every year. A few cows will become reproductively unsound, broken-mouths, bad udders, open, and/or just plain OLD. If feed resources are available, some producers may wish to market the culls after the first of the year for tax purposes.

The Beef Audits have generally shown that cull cows, bulls, and cull dairy cows make up about 20% of the beef available for consumption in the United States. About half of this group (or 10% of the beef supply) comes from cull beef cows. Cow herd budgets often show that cull cows and bulls make up about 20% of the gross income in a cow calf operation. Whether we are culling because of drought or to improve the productivity of the herd, it is important to understand the values placed on cull cows intended for slaughter.

The USDA market news service reports on four classes of cull cows. The four classes are divided primarily on fatness. The highest conditioned cull cows are reported as "Breakers". They usually are quite fleshy and generally have excellent dressing percentages. Body condition score 7 and above are required to be "Breakers".

The next class is a more moderate conditioned group of cows called "Boners" or "Boning Utility". These cows usually would fall in the body condition score grades of 5.5 to 7. Many well-nourished commercial beef cows would be graded "Boners".

The last two groups of cows as reported by the market news service are the "Leans" and "Lights". These cows are emaciated to thin (Body condition scores 1 - 5). They are in general expected to be lower in dressing percentage than the fleshier cows and are more easily bruised while being transported than are cows in better body condition. "Lights" are thin cows that are very small and would have very low hot carcass weights.

Leans and Lights are nearly always lower in price per pound than are the Boners and the Breakers. "Lights" often bring the lowest price per pound because the amount of saleable product is small, even though the overhead costs of slaughtering and processing are about the same as larger, fleshier cows.

Producers that sell cull cows should pay close attention to the market news reports about the price differentials of the cows in these classes. Cull cows that can be fed enough to gain body condition to improve from the Lean class to Boner class can gain weight and gain in value per pound at the same time. Seldom, if ever, does this situation exist elsewhere in the beef business. [Last week, in Oklahoma City](#), the difference in "Leans" versus "Boners" was about 5 dollars per hundredweight in favor of the Boner cows. On some occasions, the gap between "Leans" and "Boners" has been as wide as 10 dollars. Therefore, market your cull cows while still in good enough condition to fall in the Boner grade. If cows are being culled while very thin, consider short term dry lot feeding or putting them on wheat pasture to take them up in weight and up in grade. This usually can be done in about 50 to 70 days with excellent feed efficiency. Rarely does it pay to feed enough to move the cow to "Breaker" class. There is very little if any price advantage of Breakers over Boners and cows lose feed efficiency if fed to that degree of fatness.

A source of market information for many states and many livestock markets can be found at the USDA Agricultural Marketing Service website: [Livestock Feeder and Replacement Cattle Summary](#) .

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