

Feeder Calf Value



Valuing Feeder Cattle

- **Cost of Gain and Fed Cattle Market**
- **Weight/Flesh/Fill**
- **Genetics (frame/muscle/breed)**
 - **Performance**
 - **Carcass**
- **Health Status**
- **Records/Documentation**
- **Market timing**
- **Niche/Management**

ND Feeder Calf Market Survey

- Heifers - 9.11
- Black +3.03
- Vaccinations +2.63
- Natural +1.55
- Lot Size
 - >20 +5.31
 - 10-20 +4.34
 - 5-10 +3.64



Factors Adding Value to MT Calves Sold in Superior Video Auctions

Item	\$/600 lb calf
Steer vs. Heifer	\$52.43
Weaned vs. Not Weaned	\$17.64
Source and Age Verified	\$12.83
Sold in a Semi-load lot	\$12.65
Vac34 or Vac45 vs. Other Protocols	\$14.81

Industry Averages

- **ADG** 3.28
- **F/G** 6.93
- **Death Loss** 1.3
- **Pull Rate** 19
- **Carcass weight** 803
- **% Choice** 43
- **% YG 1&2** 64
- **Dress %** 63
- **Out cattle**
 - **YG 4&5** 4
 - **QG discount** 6
 - **Heavy** 3



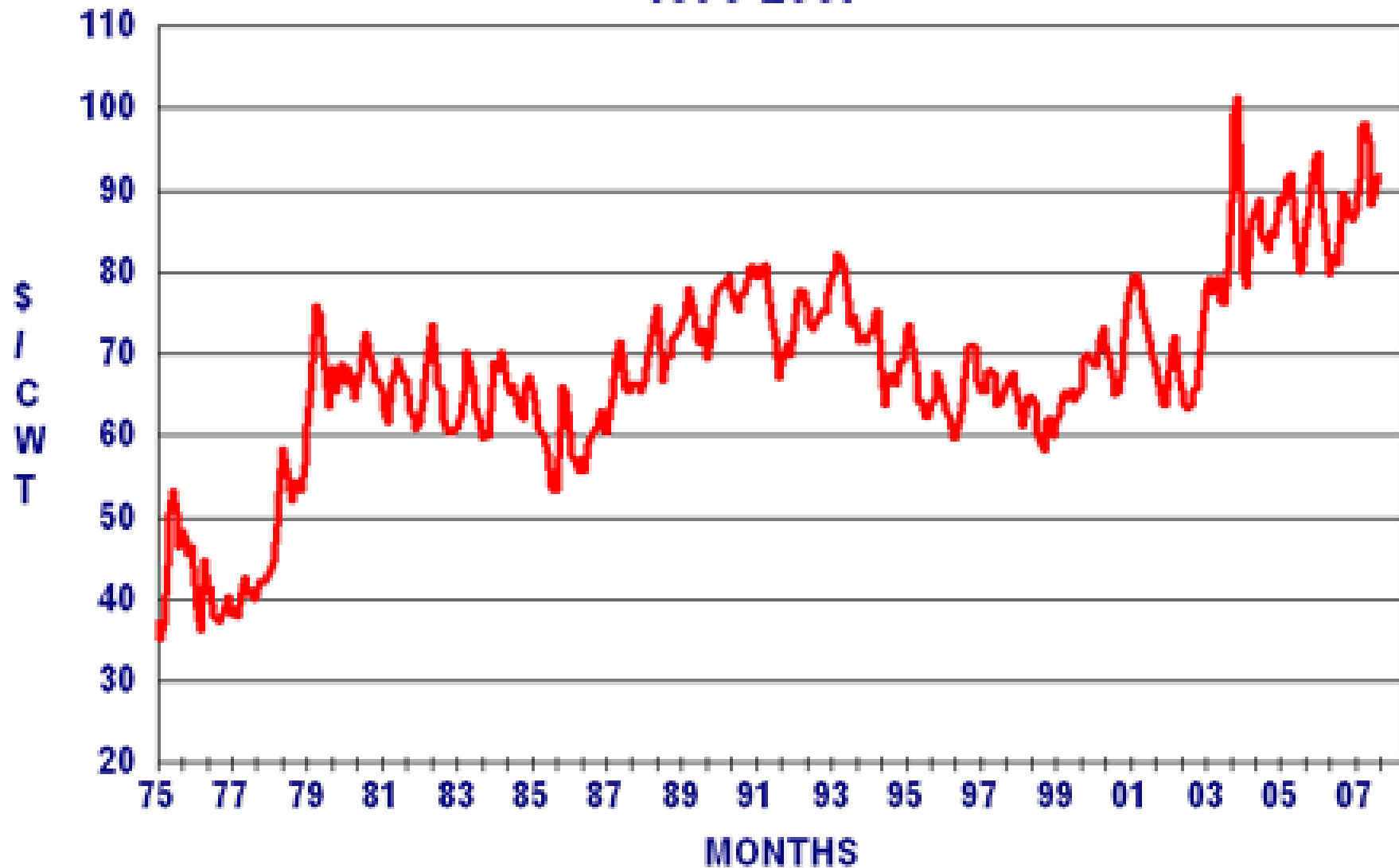
Current Feeding Projection

Sex	Steers	Projected Sale Date	4/30/2009
Purchase date	10/25/08	Total pounds gained	600
Average in-weight	650	Days on feed	187.50
Purchase cost per lb	\$1.05		
Projected sale weight	1250	Cattle Cost (\$)	\$682.50
Projected adg	3.2	Feed cost	\$372.60
Ration cost per ton,	\$180.00	Yardage cost	\$56.25
Feed conversion	6.9	Vet cost	\$15.00
Yardage cost	\$0.30	Miscellaneous costs	\$30.00
Percent death loss	1.3	Interest cost	\$33.03
Vet and Medicine	\$15.00	Death loss cost	\$11.80
Miscellaneous	\$30.00		
Interest rate (%)	7.00	Total feeding costs	\$482.37
		Total costs	\$1,201.21

Feeding COG and BE

Cattle cost per pound	\$1.0500
Feed cost per gain	\$0.6210
Feed and yardage cost per gain	\$0.7148
Total cost of gain	\$0.8596
Breakeven	\$0.9610

U.S. Average Choice Fed Steer Price 1975-2007

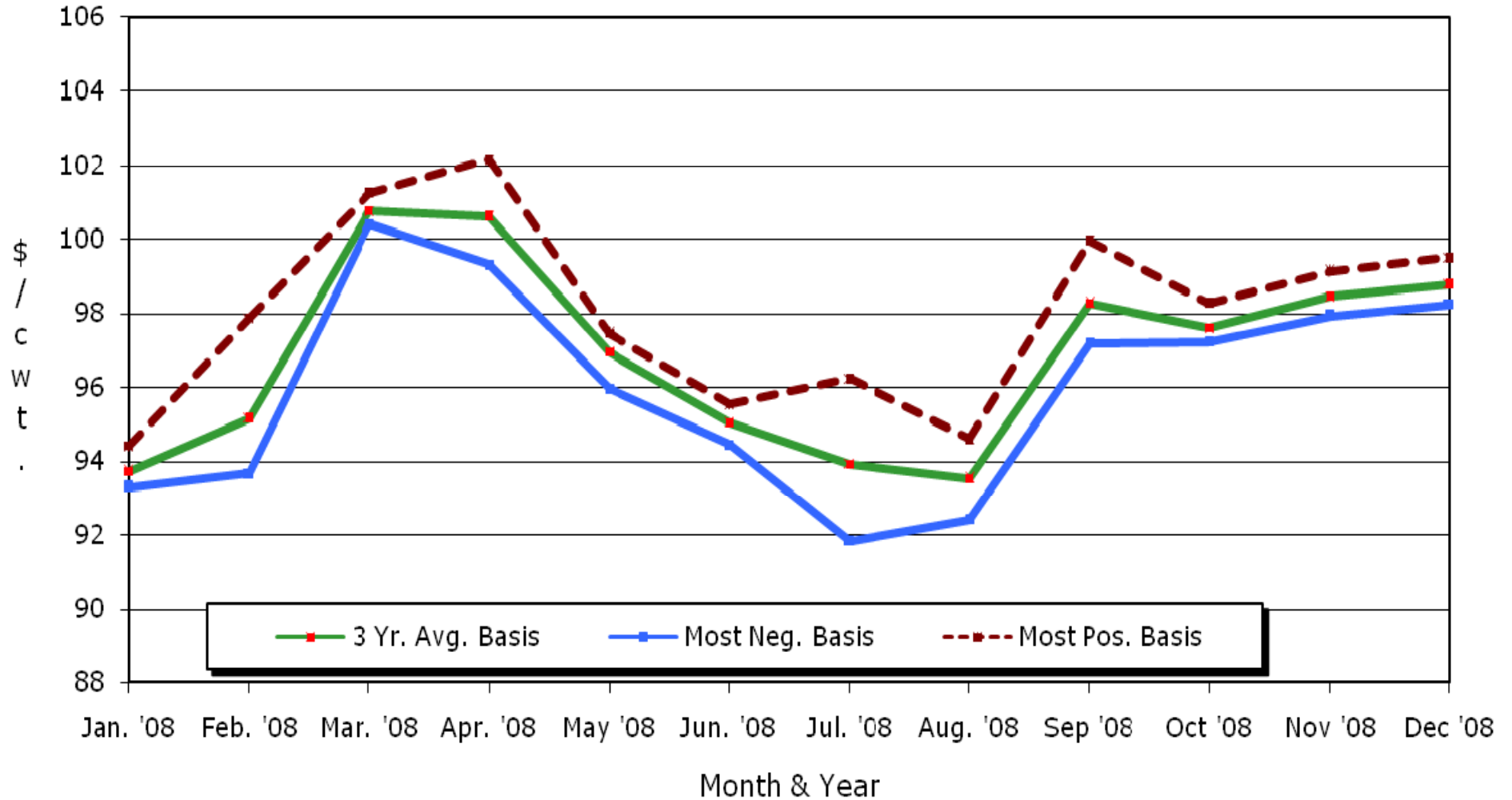


Seasonal Market favors early and fall calves

	OPEN	HIGH	LOW	SETT
FEB08	91.550	92.100	91.250	91.450
APR08	94.700	95.450	94.500	94.775
JUN08	93.400	93.900	93.200	93.400
AUG08	96.250	96.575	96.100	96.350
OCT08	100.750	101.050	100.725	100.900
DEC08	102.000	102.200	101.850	102.050B
FEB09	102.975	103.050	102.900	103.000
APR09	102.100	102.100	102.100	102.100

Mid-Month Futures Based Price Forecasts

Kansas Slaughter Steers

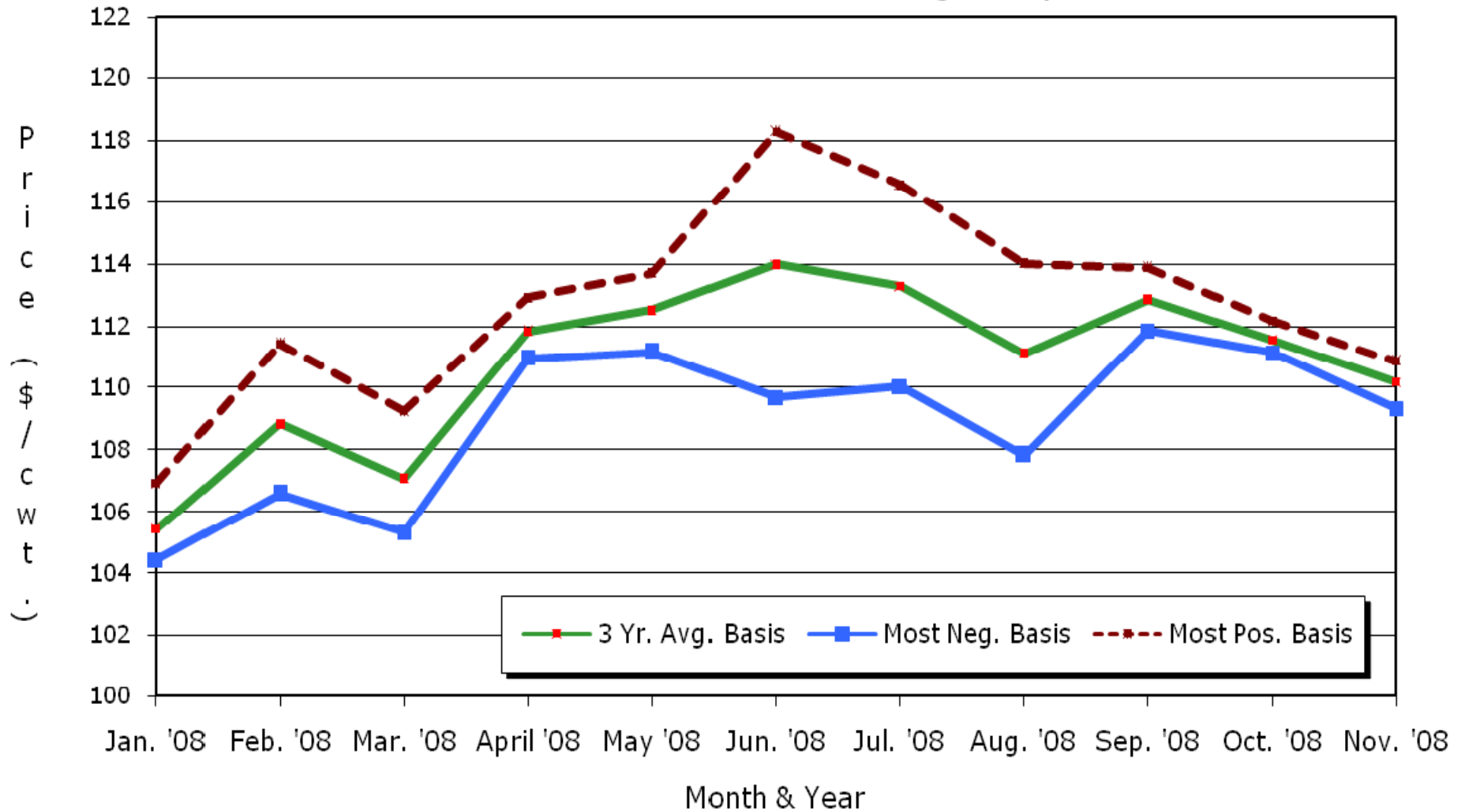


Source: USDA, CME, & James Mintert, K-State Ag. Economics
 Based on 12.14.07 CME Live Cattle settlement prices

KSU Dept. of Ag Econ
www.agmanager.info

Mid-Month Futures Based Price Forecasts

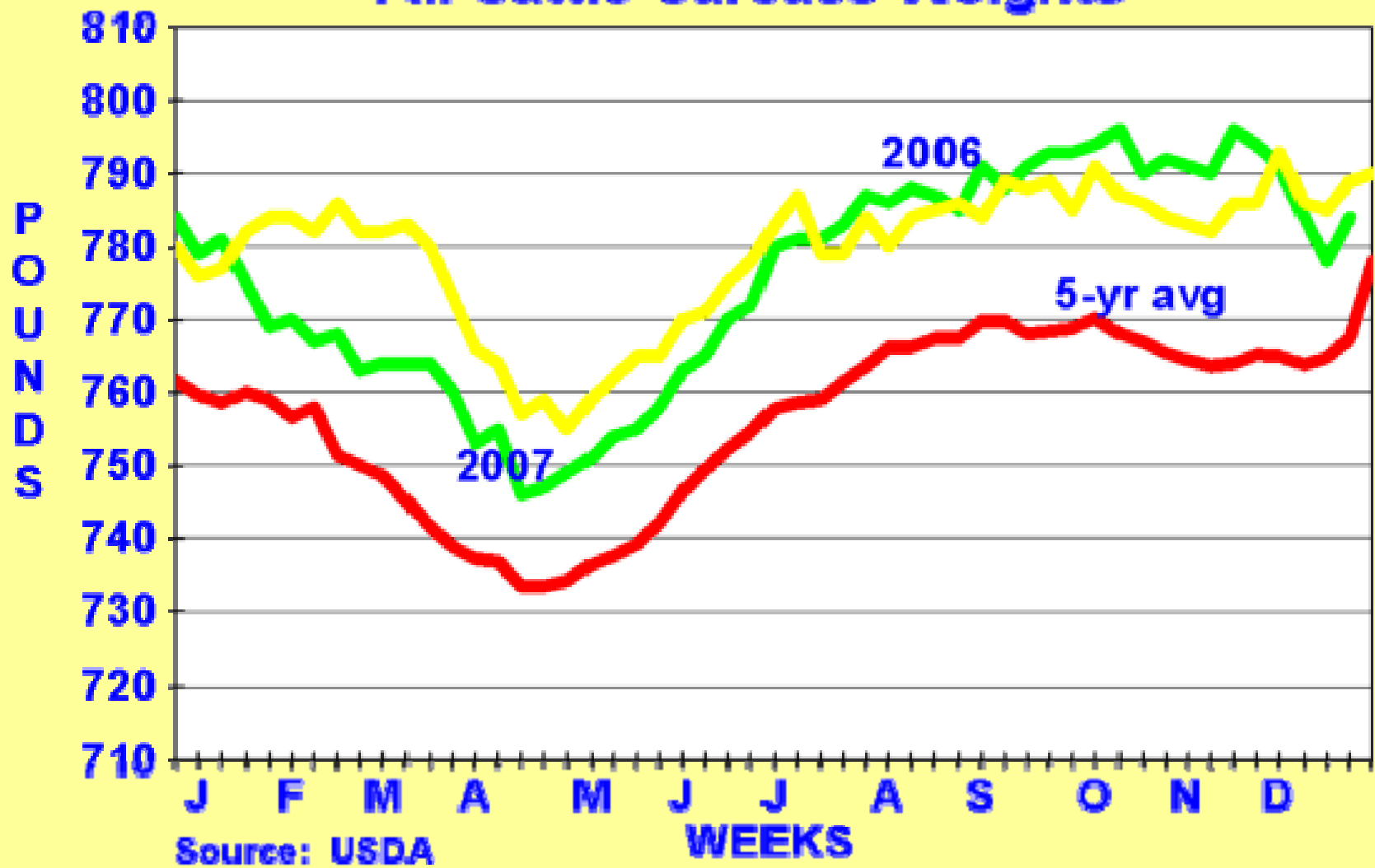
700-800 Lb. Feeder Steers, Dodge City, KS



Source: CME & K-State Research & Extension
Forecasts = 12.14.07 Futures Price + Basis Estimates

KSU Dept. of Ag Econ
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All Cattle Carcass Weights



Source: USDA

Current Feeding Projections

Gain (3.2 – 3.8)	550	700
Cattle (650#)	682	682
Feed (180/t)	341	422
Yardage (.3/d)	51	60
Vet	15	15
Interest (7%)	29	39
Death loss (1.3)	11	11
Sale wt	1200	1350
BE	96.1	93.5

Cattle Size

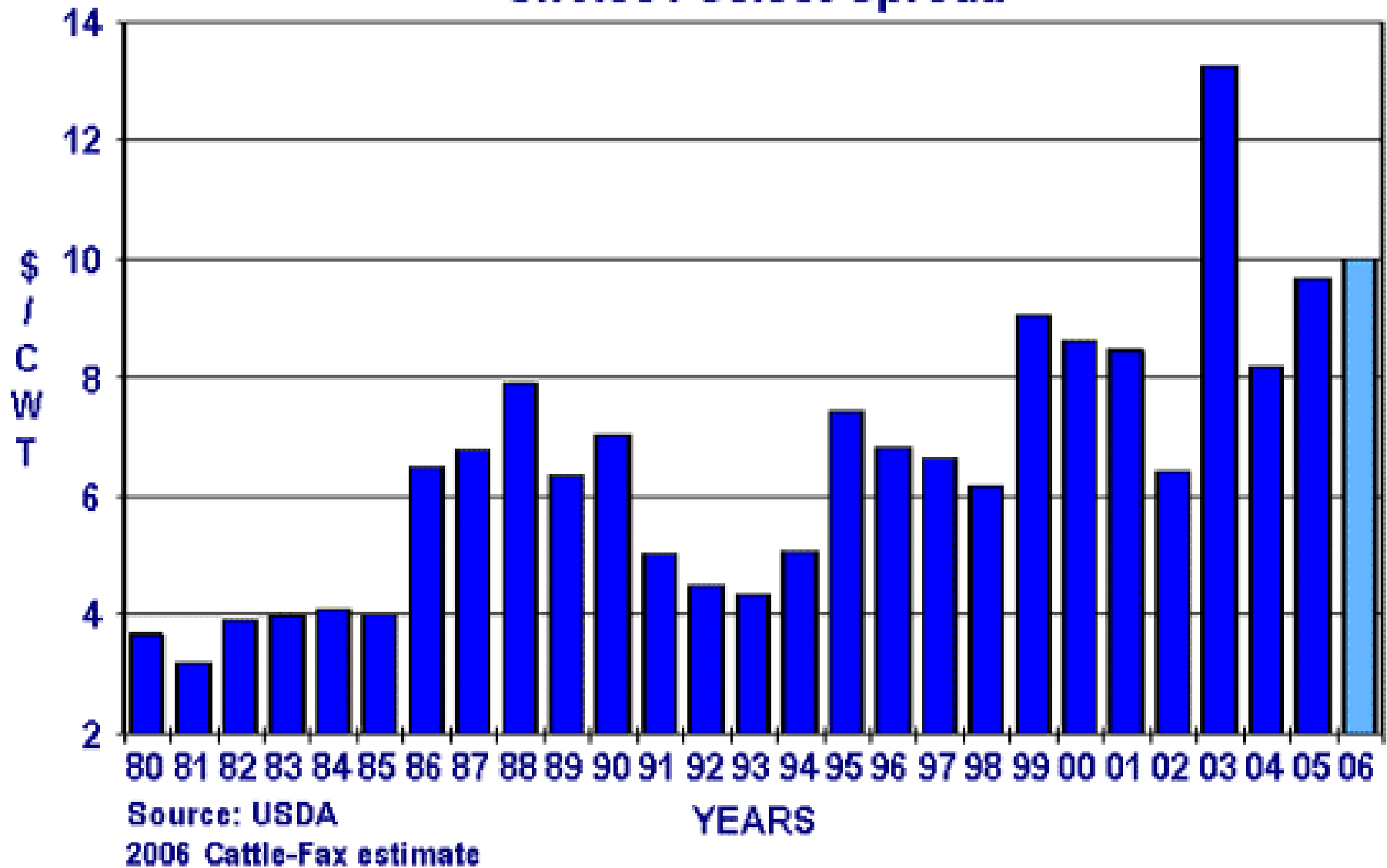
- Heifers 150 lbs lighter at finish
- Yearlings 100 lbs heavier at finish
- Correlation of carcass weight to
 - F/G -.6
 - Mature Wt +.3
 - YW +.9

Fed	Steers	.5 BF
FS	Fin Wt	Car Wt
4	1100	690
5	1200	750
6	1300	820
7	1400	880
8	1500	950

Grid – premiums and discounts

• Prime –	\$13.50	• YG 1	\$ 2.71
• CAB	3.90	• YG 2	1.13
• CH	0.00	• YG 3	0.00
• SE	-8.13	• YG 4	-13.25
• STD	-17.44	• YG5	-19.33
• Stag	-26.43	• 900-950	-1.82
• 500-550	-15.82	• 950-1000	-4.73
• 550-600	- 2.33	• >1000	-19.17

Choice / Select Spread



Current Marketing Projection

Group Price	1.42	1.47
%Choice	43	70
% Select	51	30
% Standard	6	0
%YG 1&2	64	70
% YG 3	32	30
% YG 4	4	0
% Heavy	3	0
Live price	.90	.93

Feedlot Health vs Cost, Performance, Grade

# treatments	0	1	2	3	4
% of cattle	81.0	14.2	3.3	1.0	0.4
% of deads	.9	2.9	7.2	10.0	16.0
ADG	2.92	2.77	2.57	2.45	1.99
% Choice	41	25	22	17	18
% Standard	6	14	24	11	37
Med Cost		16.96	33.63	53.39	67.79
Death Loss		11.05	34.81	50.28	83.43
Gain Loss		14.57	33.39	46.09	108.90
Car Discount		25.20	34.05	32.55	50.85
Total Cost		67.67	135.88	182.31	312.96
650 BE	1.05 (1.00)	.945	.841	.770	.569

Age and Source Verification

- Required for some export and branded programs
- Potential for up to \$25 premium on fed cattle
- Documentation Steps
 - Herd-calving records and animal identification
 - Enrollment in USDA Process Verification Program
 - RFID tagging requirement
 - On site review

Feeder Calf Price adjustments

value of superior feeding & carcass traits

Trait	Avg	Adjustment (\$/cwt)
Death loss	1.3%	+\$1.75 per .1% under
% Choice	50%	+\$0.08 per 1% over
ADG	3.1 lb	+\$2.2 per .1 lb over
Finish Wt	1200 lb	+\$0.03 per 1 lb over
% Outs	10%	+\$0.15 per 1% under
Seasonal Market & Niche Premium		bid into base \$1.8/ \$1 over

Feeder Calf Price adjustments

value of superior feeding & carcass traits

Trait	Avg 650 lb	Superior 650 lb	Adjust (\$/cwt)	Perfect 750 lb
• Death loss	1.3%	1.0%	+0.525	0
• % Choice	50%	70%	+1.6	CAB
• ADG	3.1 lb	3.8 lb	+1.54	4.3
• Finish Wt	1200 lb	1350 lb	+4.5	1400
• % Outs	10%	0%	+1.50 +9.70	YG 1 150 DOF 5.5 F/G 64.5 dress
• Seasonal Mkt S&A Verified	\$93/cwt \$93/cwt	\$98/cwt \$95/cwt	+5.4 +3.6 +9.00	April
• Market Value	\$1.05	\$1.15		\$1.25

Breeding For Feedlot and Carcass Merit

- **Growth and carcass traits are moderate to highly heritable and respond to sire selection**
- **Some antagonistic relationship between carcass traits and between cowherd and feedlot traits**
- **Breed differences and breed crossing can be complimentary even though heterosis is small for feeding traits**

EPDs and DNA Profiles are effective sire selection tools

- **Growth traits**
 - Yearling weight
 - Carcass weight
- **Carcass quality**
 - Ultrasound IMF
 - Marbling Score
 - DNA marker
- **Carcass yield**
 - REA
 - Fat Thickness
 - DNA marker
- **Multi traits Indexes**
 - \$G, \$F, \$B

Grade	Mb Sc	% IMF
Prime -	8.0-8.9	9.9-12.1
Choice +	7.0-7.9	7.7-9.8
Choice	6.0-6.9	7.6-5.8
Choice -	5.0-5.9	5.7-4.0
Select +	4.5-4.9	3.1-3.9
Select -	4.0-4.4	2.3-3.0
Standard	2.0-3.9	

Utilizing Breeds

- **Use Angus for marbling**
 - Avg EPD .16
 - Range -.64 to +.68
- **Use SM and CH for cutability & growth**
 - Larger REA
 - Better YG
- **Breeding Systems**
 - Rotational crossing
 - Terminal matings
 - Composites
 - » Fix breed %
 - » simplicity

Breed	Car Wt	% CH	YG
RAng	839	96	3.8
Ang	846	93	3.3
Sim	854	61	2.9
Char	843	75	2.8
Lim	815	44	2.6
Her	832	79	3.4

British-Continental Composite ANxHHxSMxGB			
#	Car Wt	YG 1&2	% CH
270	802	2.7 66%	87

Conformance of Various Breed Crosses and Composites to Yield and Quality Grade Targets in Steers Produced at the U.S. Meat Animal Research Center

	MARC Ia	MARC II ^b	British	Continental	MARC III ^c
≥ 70% YG 1 & 2	83.1	56.1	37.6	89.3	52.5
≥ 70% QG Ch & up	43.1	54.7	69.6	30.4	66.0
% Non-conform YG	16.9	33.9	62.4	10.7	47.5
% Non-conform QG	56.9	45.3	30.4	69.6	34.0

Cow Efficiency is a concern

- **high growth, milk, muscle types most efficient under high feed availability and quality**
- **moderate growth, milk, muscle types most efficient under low or variable feed quality and availability**
- **High growth correlated with high mature size, greater feed requirements, and lower stocking rates and risk of reproduction failure**
- **Terminal mating moderate good fleshing long lasting cows to high growth muscle sires potentially the greatest efficiency if calving difficulties are minimized**
- **Economic advantage to crossbred cow in reproduction and longevity in stressful environments. Non terminal breeding systems require selection compromises and similarity in sires**

Steer P430

- **Begin Weight** 750
- **1-4-06 Weight** 1115
- **Final Weight** 1470
- **DOF** 182
- **ADG** 3.96
- **Fat Depth** .36
- **Marbling Score** 5.14
- **Grade** Ch-
- **Feeding Cost** \$360.00
- **Flat Price Net** \$49.20
- **Flat Price Rank** 3
- **Grid Price Net** \$83.45
- **Grid Price Rank** 1
- **Popularity Rank** 5

- **Not perfect, but pretty darn good !**



Calf Value Summary

- **Healthy, vaccinated and low stress**
- **Fast efficient growth to heavy finish weights for minimal days on feed**
- **High % Choice carcass**
- **Age, type, and size to market at seasonal highs**
- **Few out cattle, uniformity**
- **Documented and qualified for programs**



Always Look on the Bright Side



