



## BeefTalk 622: Buy Feed by Value, Not Pounds

### SUPPORTING MATERIALS

#### Shopping for Cattle Feed?

Total Digestible Cost for Feed	Nutrient Value
\$7.94/bushel of corn \$ .18/pound	
\$150/ton of grass hay \$ .18/pound	

*We feed nutrients, not pounds, which is a tough concept to get across because we physically see pounds.*

The struggle for sourcing feed continues as cattle producers evaluate current and future feeding options. Even though the culling is deep, there still are cows left to feed, so now is the time to call a good beef cattle nutritionist.

The market is redefining “least cost” feedstuffs, so producers must review all the options when purchasing feed. The

nutrient value of feed is what drives value and performance. However, knowing when and how to feed also is important.

I am reminded of a case where the producer struggled with lower-quality grass hay during calving because he fed the higher-quality hay during midgestation. The producer did not understand the different cattle nutritional requirements at different stages of life and when to feed the lower-quality versus the higher-quality feed. Such misallocation of feed inventories can be financially fatal, especially when all feedstuffs are overpriced.

So, this is a good time to go see the doctor. When I visited with Chip Poland, chair of the Dickinson State University Department of Agriculture and Technical Studies and a well-educated beef cattle nutritionist, the first thing Poland noted was to encourage producers to default back to the basics.

“We feed nutrients, not pounds, which is a tough concept to get across because we physically see pounds,” Chip says. He went on to note, after a few local phone calls, that producers are paying \$6.88 to \$8 per bushel of corn from other producers. However, local elevators are buying corn in southwestern North Dakota at prices ranging from \$7.60 to \$8.50 per bushel (late July). What this means is that cattle producers can buy corn at the local elevator, but pay a price markup.

For example, one local elevator was buying corn at \$7.20 per bushel, but selling corn at \$7.94 per bushel. This particular price quote equates to approximately 18 cents per pound of total digestible nutrients (TDN) for corn being purchased by the producer.

In comparison, mixed grass hay at \$100 per ton, plus \$25 per ton transportation costs, (20-ton loads, approximately 100-mile haul), would be priced at roughly 13 cents per pound of TDN. If the same hay was \$150 per ton, plus \$25 shipping, the price per pound of TDN would be just less than 18 cents per pound of TDN.



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Interestingly, 55 percent TDN mixed grass hay at 90 percent dry matter competes with corn in these higher-priced corn markets. Likewise, if a producer purchases \$200-per-ton alfalfa hay, plus pays the same \$25 shipping at 60 percent TDN and 90 percent dry matter, the cost would be just more than 20 cents per pound of TDN.

The form that one buys feed in is price-dependent. Using Chip's example, with both corn and hay priced high, there still are options as to how a producer obtains the energy and other nutrients that a cow needs.

Chip went on to note that "hay was competitive if there are reasonable shipping costs. However, as transportation costs increase, and if one figures waste, that may or may not be true. I can feed corn with minimal waste while storing and feeding round bales of hay, but one should factor into the price approximately 10 percent as waste."

The form the feed is in greatly impacts the capacity of a producer to control waste.

"Think about the comparison that was presented here, which is to hunt and peck to find hay that is reasonably priced and then haul it to the ranch versus buying corn off the shelf," Chip says.

Regardless of what feed is being purchased, hauling and transportation costs are critical.

"What would corn cost if we looked at the source and moved it in unit volumes?" Chip says. "The local elevator publishes prices for corn and other grains, but it still needs to be delivered to the ranch. So, regardless of feed source costs, the final decision more than likely will depend on transportation cost per mile times the number of miles hauled. Local sources are always better. Therefore, in a very simple scenario, we see that high-priced corn may not be as costly as it would appear. Conversely, hay may be the feed of choice at times."

This analogy, along with numerous other examples of shopping around for feedstuffs, is required of producers this year if one is producing cattle in areas that are short of feed.

Not only is the basic ingredient missing, but all the costs continue to escalate. Producers need to seek good information, and keep in mind, the answer will be different for each location and producer.

Again, producers need to price nutrients, not pounds of feed delivered. To do that, producers need to seek the help of a very sound, well-educated, beef cattle nutritionist.

May you find all your ear tags.

Your comments are always welcome at <http://www.BeefTalk.com>. For more information, contact the NDBCIA Office, 1041 State Ave., Dickinson, ND 58601, or go to <http://www.CHAPS2000.com> on the Internet.

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