

# NEWS

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## **BeefTalk: Raising Bred Heifers — Is It Worth the Returns?**

**By Kris Ringwall, Extension Beef Specialist,  
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Genetic improvement is important to the beef cattle business, especially for cow-calf producers. But producers are faced with many alternative options along the way to making successful cows.

The first step in the process is a bred heifer--and at this time of the year there are many for sale. The question of placing a correct and proper value on a bred heifer has many answers, especially for cattle producers who pay particular attention to the genetics within their herds. Careful selection and monitoring of cattle placed in an inventory program is important in genetic improvement. But in a sense, it is almost a Catch-22 — the market often places a very low value on heifers developed for replacement cows.

Cattle being maintained for future production actually have a value that is

difficult to explain, especially when contrasted to feedlot cattle. The best explanation may be that a pen of feedlot cattle has a market value; a pen of replacement cattle also has a market value plus a key to the executive restroom--but what is the value of the key? Replacement cattle are viewed and treated differently.

In 2000, the North Dakota State University Dickinson Research Extension Center sent 43 heifers to a development lot as potential replacements. Of the 43 head, 23 heifers were screened out of the program and placed in the fed cattle program. The remaining 20 head were fed as replacements and 15 heifers settled with calf. Two heifers failed to maintain pregnancy, leaving 13 head of pregnant heifers due to calf from Feb. 16 to March 15. These bred heifers were sold Dec. 29 at a bred heifer sale and averaged \$893. Eleven of the heifers sold for \$910 and two sold for \$800. Ironically, the two open heifers that went to the rail sold for \$1,117.

This price differential illustrates the dilemma of developing replacement heifers. Those heifers that were selected rigorously as the future of the herd cost more to develop than fat heifers and were valued at \$224 dollars less. Most business plans would send up a major flag with those numbers.

Are replacement heifers really worth less, or are cow/calf producers just not willing to spend the money to adequately encourage the development of heifer enterprises?

The industry wants a productive cow that will withstand the rigors of the environment with little assistance, calf every 365 days with no delays, produce 20 pounds of milk daily with no teat dip and stay in the fence when the neighbor uses pasture rotation. On top of all that, the producer turns out 2,500 pound bulls to assure that all the cows joints are adequately

connected each year.

So, what is the value of the cow that, potentially, could pass the test?

Documented annual cash costs of developing replacement heifers is \$250-\$300. This does not reflect the value of the heifer, interest charges or return to a particular development entrepreneur (i.e. custom fees for heifer development).

From 1996-1998, the value of Dickinson Research Extension Center heifers averaged \$423 per head in the fall. Adding \$300 development costs to this value would place the breakeven value of these bred heifers at \$723. These same heifers on the rail had a breakeven value of \$682. In 1999, the heifers were valued at \$520 in the fall, which would place them at breakeven value \$820 with no interest charges or premium for heifer development. The market heifers in 1999 had a breakeven value of \$753.

Selling bred heifers for \$893 provides marginal incentive to keep developing heifers. In today's market, you would need to add another \$50 bill to the calculations to justify putting the heifer in the replacement pen.

Who's going to develop heifers? Is this also a commodity business? Someone has to have the keys to the executive restroom. What is the key worth?

May you find all your ear tags.

Your comments are always welcome at [www.BeefTalk.com](http://www.BeefTalk.com) For more information, contact the North Dakota Beef Cattle Improvement Association, 1133 State Avenue, Dickinson, ND 58601 or go to [www.CHAPS2000.COM](http://www.CHAPS2000.COM) on the Internet. In correspondence about this

column, refer to BT0017.

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<b>Breakeven Values for Heifers</b>		
NDSU Dickinson Research Extension Center		
	<b>Replacement</b>	<b>Market</b>
1996-1998	\$723	\$682
1999	\$820	\$753

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