



# BeefTalk: Your Bill Is \$52.87, So Pay Up

**We strive to understand the difference between market value and net dollars.**

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Most producers know inventory reduction is not free. The costs associated with a sell-down, while not a surprise, are informative.

Trucking expenses from a central location for the 420-mile trip for a load of 37 cows (46,305 pounds arrival weight at harvest) to the processing facility were \$47.24 per cow. The processing costs (buyer fees, yardage and documentation) totaled \$19.13 per cow for a total of \$66.37 per cull cow sold.

These 37 cows were good cull cows. They dressed out at 51.02 percent and returned \$577.60 per head on the rail. The net income to the ranch was \$511.23 (\$577.60 minus \$66.37).

These cows averaged 1,251.5 pounds on arrival at the plant. Five cows had light trim during harvest and averaged \$40.84 per hundredweight net to the ranch.

Three additional cull cows were sold individually two weeks later. The cows had an average weight of 1,478 pounds and brought \$594.87. The net income to the ranch (market value minus marketing fees) was estimated at \$565.87 for an average per hundredweight net to the ranch of \$38.29.

These three cows were part of a larger set of 64 Dickinson Research Extension Center cows that were sold as replacement cows. Some of the costs are extrapolated out of the total lot of cows and approximated back to a charge per cull cow, resulting in an estimated cost per cull cow.

The replacement cows averaged \$692.19 per head (\$651.46 net) with 29 head of 4- to 6- year-old cows bringing \$731.90 per head (\$691.17 net) and 23 older cows bringing \$685 per head (\$644.27 net).

Those cows displaying their age (nine head) brought \$560 per cow (\$519.27 net). This last set of cows averaged 1,443 pounds. These cows were 35 pounds lighter than the three cull cows and averaged \$35.99 per hundredweight net to the ranch.

Most, if not all, the readers of this column need to stop and reread the previous information. Numbers get confusing. As was stated at the beginning of this column, there really are no surprises. This is just a simple market report.

Appreciation goes out to the marketing organizations that facilitate the process of marketing cattle and all the structure that needs to be supported to facilitate the marketing of cattle. This process would not happen if someone did not do it, which is a simple but true statement.

Cow calf producers live with the take-home (net) dollars. We strive to understand the difference between market value and net dollars.

When marketing cattle, it is early work, communication and the exploration of alternatives that are important to moving cattle. Although many alternatives exist, the actual return to the ranch is always minus the costs. Those who live farther from the final destination of the product experience the reality of transportation costs.



At the center, no matter where the end is, the starting point is always the same, which is the ranch. Marketing costs start at the ranch.

A ticket to town (Dickinson) costs \$3 a loaded mile. To haul 16 cows the 30 miles to town costs \$5.63 per cow.

For the cull cows the center shipped to the processing facility, the shipping costs were \$52.87 (\$47.24 plus \$5.63) for the one-way, 450-mile ticket. In the end, nearly 10 percent of the product value was spent on transportation. This is not an easy figure to swallow, but it is reality.

As a side note, if these cows were trucked to another location to be wintered somewhere 450 miles away, one would have to buy a roundtrip ticket for \$105.74 per cow, which is a new expense on next year's calf. This expense certainly will be noticed on the business records.

Well, so much for the market report. The cows are sold, the pens have fewer cattle and the center still is short of hay.

Life will go on.

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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Attachments



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