

NEWS

North Dakota State University -- **NDSU Agriculture
Communication**

7 Morrill Hall, Fargo ND, 58105-5655, Tel: 701-231-7881, Fax: 701-231-7044

agcomm@ndsuxext.nodak.edu



BeefTalk: Heifer Calves Present Value-Added Economic Opportunity

**By Kris Ringwall, Extension Beef Specialist,
NDSU Extension Service**

From 1995 to 1999, North Dakota Agricultural Statistics data show the state has produced an average of 958,000 calves each year. About 95 percent of the state's 1,006,000 cows do actually produce a calf--and roughly half of the calves (479,000) are heifers.

Pricing and selling calves is a big topic within the beef industry. Most of these discussions center around the high-quality steer calves grown in the Northern Great Plains. Yet, sooner or later, the subject of discounts comes up relative to the value of heifers.

New data suggest this process of discounting heifers penalizes the cow-calf producer and impedes the economic development of our rural communities. Economic development data in the state shows livestock

production is one of the top creators of new wealth. Consequently, the discounts can ultimately slow the economy of our rural areas.

Since 1996, the Dickinson Research Extension Center has retained ownership on all cull replacement type heifers as well as terminal cross heifers. These cattle, when compared to their steer mates in 1996, 1997, and 1998, were more similar than producers realize.

Steers gained 3.11 pounds per day and heifers were at 3.02. Steers were on feed for 156 days compared to the heifers at 154 days. The steers' feed efficiency was 6.22 pounds of dry matter per pound of gain compared to the heifers at 6.12. The cost of gain per hundredweight was \$52.61 compared to the heifers at \$52.58.

The heifer's gain was less than a tenth of a pound below the steer gain. The same heifers were on feed fewer days. The heifers were more efficient in their use of feed and their cost per pound of gain was less. Yet, the values paid for the heifers do not reflect this data.

From 1996 to 1998, DREC steers at weaning were valued at an average of \$484 and the heifers at \$423, a difference of approximately \$60. Is this a fair assessment? Are heifers worth only 87 percent of the value of the steers?

The next part of the equation involves the value on the rail. The average value of the steers on the rail was \$781 compared to \$721 for the heifers. This was again a difference of approximately \$60, largely because the steers weighed more, 1153 pounds to 1088 for the heifers. Steers also sold for a little more, \$106.29 per hundredweight for a carcass compared to \$105.25 per hundredweight for a carcass for heifers. Is this a fair

assessment? Are heifer carcasses worth only 92 percent of the value of the steers?

In the long run on this set of cattle, the heifers sold for approximately \$1 less and weighed about 65 pounds less on the rail. That provides insight into the mystery on why the heifers were valued less at the beginning. But don't stop there.

Within economic development circles today, value-added agriculture is the hot topic. Heifer sale prices are an example of how producers can add value to their enterprise -- an extra 5 percent of the carcass value. The 5 percent of a \$781 sale is significant when compared to the 5 percent of a \$484 sale, nearly \$15 an animal, which could keep an extra \$7 million (\$15 times 479,000 heifers) staying right here in North Dakota.

This scenario does not take into account the added value producers may realize through retained ownership. After being in Extension for over two decades, I believe one of my primary responsibilities is to make people think. Here's a quote from the Extension Workers Creed: " I believe that education, of which extension work is an essential part, is basic in stimulating individual initiative, self-determination, and leadership."

Well, think about this. There is economic opportunity in the heifer calves. But who is losing here? Are cow-calf producers who sell heifer calves subsidizing another enterprise within the beef production industry? More study needs to be completed before these questions can be answered.

May you find all your ear tags.

Your comments are always welcome at 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 on the Internet. In correspondence about this column, refer to BT0017.

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Source: Kris Ringwall, (701) 483-2045, kringwal@ndsuent.nodak.edu

Editor: Tom Jirik, (701) 231-9629, tjirik@ndsuent.nodak.edu

Adding Value to Calves		
	Steers	Heifers
Average Daily Gain	3.11	3.02
Days on Feed	156	154
Feed Efficiency	6.22	6.12
Cost/CWT of Gain	\$52.61	\$52.58
Finish Weight	1153	1088
Carcass Value/CWT	\$106.29	\$105.25
Feeder Value/Head	\$484	\$423
Carcass Value/Head	\$781	\$721

* Average from Dickinson Research Extension Center

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