Backgrounding Calves 2016 – Adding Value in Down Market

Situation
An alternative marketing strategy for cow calf producers is to retain calves post weaning and grow them to heavier weights for latter sales as a backgrounding enterprise. While this is the normal strategy for about half of the producers in the state, over the past several years of record prices more calves have been sold directly off the cow. A major market adjustment occurred in 2016 with prices dropping in half for calves what they had been two years prior. Producers were faced with significantly lower revenues going into the fall marketing season.

Response
For the past decade calf marketing and backgrounding information has been provided to producers through fall meetings, media, and webinars. In 2016 in light of the market situation, the fall backgrounding effort was expanded. With abundant and cheap feed state wide, price outlook suggesting some stability after the fall crash, and producer interest and concern to remain profitable; information was provided suggested opportunities to add value with backgrounding. The program effort included articles, local backgrounding seminars, and one on one consulting targeted to cow calf producers. Topics covered included feed alternatives and prices, ration suggestions for various gain targets, using the “Calf Web” calculator to estimate cost of gain and breakeven, future price outlook, and risk protection strategies.

An article “Backgrounding: is there potential for profits this year?” was carried by the Progressive Cattlemen magazine and on their internet blog. Seminars coordinated by local Extension Agents were held in eight communities with over 150 producers attending, and you tube recordings of key seminar presentations were posted with several hundred additional views.

Impact
At the time of the seminars, a projected net return from backgrounding was estimated to be about $50 per head and about double the long term average. In spite of difficult weather and feeding conditions, some market recovery has likely resulted in even greater returns to backgrounding. This added gross value of over $200 per calf is particularly significant to an individuals net bottomline. Cummuatively, on even 10% of the 900,000 calves produced in the state, this results in a multimillion impact to the state economy.

Contact
John Dhuyvetter
Area Livestock Specialist
North Central Research Extension Center
Minot ND

Karl Hoppe
Area Livestock Specialist
Carrington Research Extension Center
Carrington, ND