

EFFECTS OF WEIGHING CONDITIONS ON PROFITABILITY OF CATTLE PRODUCTION

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The man who tries to get top dollar on his cattle without considering the shrink is a man who is losing money. That is to say, price is not the most important thing to consider when selling cattle. For example, if you sell your 425 pound calves for \$106.00 and allow a 2% shrink, you will receive \$441.49/head. But if you give the buyer a 3% shrink, you will receive \$436.99/head--a difference of \$4.50/head--nearly what it cost you to process those calves!

Who determines the shrink? Both buyer and seller mutually agree at the time the transaction is initially made. It is literally an essential part of the price discussion, whether the cattle are going to be loaded immediately or contracted for delivery 5 months later. The following (slide or overhead) rules of thumb are generally used by cattle buyers:

1. Cattle off green grass, wheat, oats, etc. gathered early and weighed on ground equal 3%.
2. Cattle off silage equal 4%.
3. Cattle off green grass, wheat, oats, etc. driven or trucked to scales equal 2%.
4. Separate from cows stand overnight drylot weighed straight.
5. Off truck in Texas + an agreed-upon % added on to off-truck weight.
6. Off truck @ destination put on feed & water for specified # of days, then weigh.
7. Fat cattle, or grain fed cattle, are

generally traded with a 4%.

As a seller, watch out for the buyer that insists on a 3% shrink after you have hauled the calves 15-20 miles to the scale. You may have left the ranch with a 425 pound animal, but since they shrink the most during the initial part of hauling, he will probably weigh around 416 pounds at the scales and the pay weight will be 404 pounds. If you sold the calves at \$106.00/c.w.t., you actually receive \$428.24/hd instead of the \$436.72/hd you penciled out - a loss to you of \$8.48/hd.

But how about the man in Lubbock, Texas buying the cattle from the man you sold them to--what's he getting? As an order buyer, we figure on a 1% shrink for every 100 miles the calves are hauled. Consequently, we might buy your 425 pound calves with a 2% shrink (netting a 416 pound calf), haul them 450 miles and deliver a calf 397 pound calf to Lubbock. This means that while he paid \$106.50/cwt for a 425 pound calf with a 2%, or \$443.04/hd, he received a 397 pound calf at \$443.04/hd--this means he actually paid \$111.60/cwt for this calf! (See Tables 1 and 2.)

But what exactly is shrink? What causes it? And how can it be controlled? Shrink is weight loss--

There are 2 basic types of shrink:

Excretory--loss of belly fill which occurs when cattle are held off feed and water or during the early parts of the haul.

Tissue--(could be likened to the end result your wives want after Slim Fasting!) this occurs after prolonged fasting or extensive travel.

Shrink is a fact in the business and there is not a lot of control in the situation. Our job is simply to distribute this factor fairly and equitably between buyer and seller. The producer, if he wants to try to "beat" the shrink, may try to "overfill" his cattle prior to shipping.

Consequently, the cattle will shrink excessively and then the buyers will simply adjust the purchase price back to a fair figure. The buyers, however, still have 7-10 day "weight recovery" period (this just gets the animal back to pay weight!).

Table 1. Producer Receives					
Percent Shrink					
	0%	1%	2%	3%	4%
\$/cwt	\$90.00	\$89.10	\$88.20	\$87.30	\$86.40

Table 2. Effect of Excess Shrink on Buyer				
Percent Over Pay Weight				
	0%	1%	2%	3%
\$/cwt	\$90.00	\$90.91	\$91.84	\$92.78