

# MARKET INFORMATION

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Cow/calf producers have more marketing alternatives than cattlemen in any other segment of the business if they wish to take advantage of them. In order to do so, they must have timely, accurate and comprehensive market information.

There are numerous sources of market information available. They include reports from the "coffee shop", local radio, auctions, newspapers, other cattlemen, buyers or traders, USDA, state market news, and private services. The source of market information selected depends on how timely, accurate and complete the information has to be to satisfy the user's needs.

Unlike in the past, markets change rapidly, sometimes moving \$1 to \$2/cwt in a day. Further, there are more factors influencing prices than ever before. Psychology, largely related to the futures market and increased news availability, influences prices more than ever before. Weather is always a major factor, as are profits or losses.

A cow/calf operator's marketing plan should begin when the bull is selected to be put out with the cows and heifers. When that decision is made, the type and quality of calves for sale have been determined.

Producers who are serious about wanting to maximize returns in the cattle business must do or know several things in order to achieve this goal, including:

1. Knowing their costs of production -- breakevens.
2. Knowing how their cattle perform on grass, or in the feedlot, and how they hang up.
3. Keeping up with market trends--

not just cattle prices, but grain supplies and prices, economic conditions, meat production levels, cattle supplies on the range and on feed, world trade, legislation, and other similar factors that affect prices.

4. Being flexible--willing to consider alternatives as they become available. There are periodic imbalances in the market which the informed producer can take advantage of--if costs of production and performance data are known.

5. Obtaining and studying a "source" (or "sources") of market information that will provide the required information.

As noted earlier, there are different sources of information to fit the varied needs of producers. But, to be well informed and maximize returns, most producers use a private source such as Cattle-Fax. Producers don't have time to keep up with everything that's affecting the market, so they "hire" someone or some group to do it for them.

Many cow/calf producers don't think about marketing until a couple of weeks before the time they typically sell their calves. It's obviously too late to consider the option of contracting the calves for delivery at the normal time, though not too late to consider retained ownership.

If a producer knows critical information about how his cattle perform and is informed, he may decide to contract calves right after they're born, or can determine whether it's to his advantage to put them on grass or pasture and sell as yearlings (or contract them for future delivery as yearlings), or even retain ownership through the feedlot.

Typically, one who sells at about the same time each year, and in many cases to the same buyer, is only interested in current market information. However, the source of market information used to satisfy that need may not be helpful in deciding whether retained ownership is a viable alternative.

The Cattle-Fax staff devotes its entire effort to collecting price and supply data on cattle and related factors that affect prices. All of the data and prices and resulting analysis are then available to members as current market information, or as an outlook for evaluating alternatives.

Cattle-Fax members can discuss their particular situation with an analyst who is familiar with their geographic area and who has an excellent feel of what is happening across the United States. While other market information services are available, none are a part of the industry, maintain a dynamic data base, and are in constant contact with cattlemen in all segments of production across the United States except for Cattle-Fax.

The most successful cow/calf producers are well informed and use market information combined with knowledge about their cattle to maximize their returns.