

Marketing Calves with Some "Ear"

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Introduction

I have good news and bad news. The bad news is that, by the time you read this, we will be seeing some tough prices for all of our Florida calves. The good news is that you will *begin* to see less discounts for good Brahman influenced calves.

From Conception

The day you put the Brahman bull into that good group of English-kind-of-cows, you made a decision that will hit home a year and a half later. Offsetting the beautiful replacements that prompted you to use the Brahman will be a good Brahman sired steer calf that "those damned cattle buyers like Tommy Mann" are going to try to buy cheaper.

It is a given that the eared cattle are going to sell at a discount to a more English calf. My job and your job is to keep that discount as small as possible. To do this we need to understand a little about what happens to our eared calves after they leave Florida.

To Points West

Most of our heavily-eared calves went to Arizona and California. For all practical purposes that market is dead: Holsteins have taken their place. (This is good in that these eared calves are now fed in the Panhandle, which is \$5.00/cwt closer.)

Get your map and look at Interstate 40 that runs from the west Texas panhandle border to Oklahoma City. To get even more exact, parallel I-40, 50 miles north. Everything that lies south of this line will be home for a majority of the eared calves produced in this country. The more ear he has, the farther south from this line he'll probably go. We need to pause here and show you a set of Ralph Pelaez' calves that we sent to Western Nebraska last year. (Refer to Table 1.) As you can see, these are an outstanding

set of calves that really turned some heads in Nebraska. By the way, the dead was a calf that hung his head in the gate trying to get back on the truck headed back to Florida!

When corn is more than \$3.00 per bushel, he'll likely find a home on grass, then wheat or oats. When corn is less than that, he very likely will be put on a grow ration in drylot.

How Needles Affect Your Pocketbook

Our folks here at the University of Florida have done a good job emphasizing the importance of a good pre-conditioning vaccination program at marking and branding. I'm not going to beat you over the head with another session of that. Allow me to relate one story regarding health. A large producer that you know had a top set of calves for sale. These calves had *only* been castrated and implanted. A western friend of mine was prepared to give \$84 for these calves. Upon learning of the ranchers program, he asked if the calves could be given a complete Clostridium and killed respiratory complex. In a huffy way, the producer said, "If he's willing to pay for it, I'll do it." My friend didn't buy the calves, which eventually sold for \$80/cwt.; end of story!

Performance and Genetics

As ranchers, it riles us pretty good when an exceptional calf is cut back only because he exhibits a little more Brahman influence than the rest of the calves in the shipment—even worse when a poppin' good brindle calf is cut back because of color. Let's cut the Tommy Manns some slack based on the following hypothetical situation: You sell a direct load to Tommy's customer at a feedyard. Upon arrival the manager automatically spots a problem; 80 of the calves are top notch straight-necked and

20 are half blood Brahman. His choice: slow all the cattle down, losing the potential for the 80 head to gain as rapidly as possible; or keep the #1 ration before all of them, founder 10 and sell as "realizers", but still have 80 which will perform as they should. Both of these scenarios are losers. If the 20 could be paired up with like kind, they can be taken along more slowly, i.e., no foundered or acidosis, etc. Likewise the 80, penned together, can be pushed to their maximum potential. We cannot push our Brahman influenced calves as hard as some of our other breeds.

At a marketing seminar in April '94, a well respected feeder said the goal we should shoot for is a USDA Choice 550–950 lb, Yield Grade 1, 2, or 3. Folks, this is a clear and concise, attainable goal. Bill Meis, a professor with Texas A&M, advocates a simple approach to the 100 or so breeds we have to work with. Our cattle bred to *market* (vs. replacements) should consist of the following:

- 50% English
- No more than 50% Continental
- Limit Brahman to 3/8
- *Do not mix Continental with Brahman*

Part of his reasoning, besides grading, is the aspect of tenderness. Readings up to 9 on the Warner-Bratzler shear test are considered satisfactory. The following is a rule of thumb for values of the following breed makeup, according to Texas A & M:

- English 4–8
- 3/8 Brahman 4–10.5
- 1/2 Brahman 4–11
- 1/2 Continental 4–10.5
- Continental x Brahman 4–14

Notice that the range goes higher with the crosses, but still, some of the Brahman crosses score as low as 4. When you think about it, it's sort of simple: the English breed was bred *only* to eat. The Continental breed was bred for milk, meat, and draft. They have good muscle and bone, but in the past have never been selected exclusively for eating. The

only reason for the Brahman being here is to adapt our cows to fit a hostile environment.

That is all, but it is reason enough.

Most of our Florida "eared" calves are killed in and around Amarillo, Texas. Unfortunately, there are some grocery chains that will *not* buy their meat from those plants. This definitely affects *price*, and it is solely because of the tenderness aspect. Andy Tucker made a profound statement that both the most tender and the toughest readings on the Warner-Bratzler ever, were attributed to Brahman animals. I'm told that calpastatin work is currently being done within the Brahman breed to help select those animals that will produce acceptably tender carcasses.

If our University personnel and the Brahman folks are successful in removing the toughness stigma from the Brahman breed, it will have a most profound effect on our Florida calf market.

All of you have been told about the unscrupulous cattle buyer that represents to our western feedlots a 3/4 blood Brahman as a 1/4 blood Brahman. Hence the misconception: when 1/4 bloods are represented, the western buyer may envision a 3/4 blood animal! The order buyers I know cannot maintain a customer base doing that. The first few loads that exchange between a producer and procurement person set the stage for a relationship that is destined to fail or prosper.

Let's look at a few slides from some eared calves in the feedyard and from the ranch so we can agree on how much ear, is *ear!*

Packers—The Bad Boys?

There is an adversarial mentality that exists between feeders and packers. Sometimes their actions remind me of some little boys in a red hot marble game. We as producers have longed for direction in determining the best breeds, combinations, etc., to use that will allow us to produce (in our environment) an animal that is accepted without bias in the feeder and slaughter market. I have likened this scenario to a magic island

where all the women are beautiful and scantily clad, the booze is free, and the fishing is heavenly. It is really the place a single American Cowboy would like to spend a few days, but there ain't a dang soul that remembers how to get there! (ladies may substitute gender, and shopping for fishing). It is next to impossible for us to get carcass data even when we think we have all the bases covered. It's sort of hard to take when we're screamed at to produce that better carcass yet we have little way of knowing what our product is in the end.

I'm sure that many of you saw the article about Bob Peterson, President and CEO of IBP; to paraphrase, "he looked forward to a time when his buyers were not presented a show list offered at a set figure." He took the Kansas Livestock group to task for crying about lost market share, etc. He also admonished producers to get involved, start producing animals that the consumer wants, etc. Several of our fellow cattlemen like Ray Negus, Ralph Peleaz, and Wes Williamson have worked extremely hard to get data that reflect what their cattle will do when hung on the rail. Some of us have had to significantly change direction when we got data back and found out that we were not measuring up. How could we have reached such conclusions had we not been able to get carcass data that told us what to do?

Whether we like it or not, Value Based Marketing is slowly catching hold. Formula marketing is increasing every year. It is a two-edged sword that supposedly pays back the owner for superior animals. When cattle are sold on the formula, in essence they are forward contracted. When this happens, the packer does not have to compete. If the packer gets enough formula cattle, he can stay out of the market (not bid) for cattle for an indefinite time. As a result, the competition is only between the other two majors. This can severely impact cash prices, thus feeders and calves.

Your Genetics—Their Dollars

In March '94 the spread for Choice YG 3 to

Select YG 3 was \$6.00/cwt, or about \$45.00 per head. In March '95 the same spread was \$1.92/cwt, or \$14.40 per head. In mid-Feb, (Table 2) it was exactly \$2.50/cwt, or \$18.75 per head. Look at Table 3: in May of '94 a Choice YG 2 was \$113.99; a Select YG 4 light carcass was \$87.79, a difference of \$26.00/cwt, or \$195.00 per head. We *must* stay away from these "shorts" (that produce a 549-lb or less carcass). We *must* stay away from these giants (that produce a 951-lb or greater carcass). During the last year, the Minimum and Maximum spread between a Choice YG 3 and a Select YG 3 were \$1.70 and \$7.00, respectively. The Minimum and Maximum for oversized carcasses were -\$10.00 and -\$35.00, respectively. The average discount for a light carcass was -\$18.00.

A. Duda and Sons, my former employer (and tutor, to whom I'm forever grateful) probably has retained more calves than anyone in Florida. You have already heard a good presentation from David Willis, Manager for Australian Operations. He may already have shown you a similar slide with results like these. These calves are basically 1/4 to 3/8 Brahman (Table 4), a random group of Duda calves that were fed at Great Plains Feedyard in Hereford, Texas. These are not a select group—just calves that were surplus from our contract shipments. Let's simply look at the differences in the price per cwt for the respective classes. Notice that even though we had some light carcasses, we had no 4s and no "heavy's."

What is the reason for this narrowing price spread between Choice and Select? Excell reported that their demand for Select had increased 39% in this past year. These prices for Select vs. Choice are a paradox to what we ordinarily expect for early spring, since spring is almost always short on Choice because of the "calf-feds." Later in the year there is a better supply of Choice due to the heavily conditioned, more mature wheat pasture calves that come off from March 15th to May 15th. These calves are fed 100 days and they are fat, and a high percentage grade Choice. If this narrow margin

between Choice and Select remains low, and I personally believe that it will, the Brahman influence can be swallowed with no trouble at all. Of course, at this writing, there is doom and gloom on the immediate horizon for the total cattle market. By the time you read this on May 5th, we will both know what the summer trend is going to be.

The bottom line is that there exists a good market for large-boned, heavily muscled, Brahman influenced calves. Your calves will sell much better if you have them grouped according to sex, amount

of ear, and size. We have order buyer friends that will search the trade area that caters to that eared calf. If you do decide to retain ownership, for goodness' sake, talk at length to someone that has been down that road. There are a million wrinkles that you learn one at a time. Lastly, never sell to a cattle buyer that comes to your pens in a Cadillac, with a female acquaintance, a large belt buckle with his initial engraved in gold, wearing a two-karat diamond—unless he owns a construction company in Miami and brings money in a big suitcase.

Table 1. Pelaez & Sons Cattle								
From: Darnall Feedlot HC 55 Box 34 Harrisburg, NE 69345			For: DRI RBCC SHAIN					
Date:	04-14-94	Lot #300	Pen L3	Account #9050				
FINAL CLOSE OUT								
INCOMING CATTLE								
DATE	HEAD COUNT	PURCHASE WEIGHT	SHRINK	OFF TRUCK WEIGHT	AVERAGE WEIGHT	COST/ CWT	AVERAGE COST	TOTAL COST
08-18-93	160	99822	7.13	92700	624	95.25	594.28	95084.38
OUTGOING CATTLE								
DATE	HEAD COUNT	YARD WEIGHT	SHRINK	PAY WEIGHT	AVERAGE WEIGHT	COST/ CWT	AVERAGE COST	TOTAL COST
04-14-94	159	206040	4.00	197798	1244	76.05	946.07	150424.36
*****DEADS*****								
DATE	HEAD COUNT	GROSS WEIGHT	SHRINK	NET WEIGHT	AVERAGE WEIGHT	COST/ CWT	AVERAGE COST	TOTAL COST
---	1	740	0.00	740	740	0.00	0.00	0.00
DEATH LOSS PERCENTAGE: 0.63%								
FISCAL ANALYSIS								
	WITH DEADS				WITHOUT DEADS			
	BY LOT		BY HEAD		BY LOT		BY HEAD	
PROCEEDS	150424.36		940.15		151370.43		946.07	
COST OF CATTLE	95084.38		594.28		95084.38		594.28	
GROSS PROFIT	53339.98		345.87		56286.05		351.79	
TOTAL CHARGES	56481.45		353.01		56836.68		355.23	
NET PROFIT	-1141.47		-7.14		-550.63		-3.44	
CATTLE INT 7.50	4630.11		28.94		4630.11		28.94	
FEED INT 7.50	1443.93		9.02		1453.02		9.08	
ACTUAL PROFIT	-7215.52		-45.10		-6633.76		-41.46	
YARD ANALYSIS								
DAYS ON FEED	236	TOTAL FEED DAYS	37917	CONVERSION AF	10.28			
AVERAGE GAIN/HEAD	621	GAIN/HEAD/DAY	2.60	CONVERSION DM	6.95			
LB FEED CONSUMED ...	1015108	LBS/HEAD	6384.33	LB/HEAD/DAY	26.77			
DRY LB FEED CNS	685880	DRY LB/HEAD	4313.71	DRY LBS/HEAD/DAY	18.09			
TOTAL COST	62555.50	COST/HEAD/DAY	1.65	COST/LB GAIN	0.6337			
TOTAL FEED COST	53493.51	FEED COST/HEAD/DAY	1.41	FEED COST/LB GAIN	0.5419			
BREAKEVEN: 76.34								

Table 2.

SCALE HOUSE & SHRINK SYSTEM
 FORMULA FEEDER KILL SHEET
 Kill Date: 02/22/95

APPLIER No: 00181202
 APPLIER NAME: Great Plains E2

PLANT: Amarillo

LOT NO	LIVE WEIGHT		HOT WEIGHT	TOTAL SEXES			
	CALCULATED	REPORTED		STR	HFR	HOL	
029	92,951	90,614	58,559	81	0	0	
SEX	GRADE	YIELD DIST	WEIGHT	HEAD	HOT WEIGHT	COST	TOTAL COST
1	CHOICE	1	0600-0735	1.0	641	119.84	768.17
1	CHOICE	2	0600-0735	5.0	3,530	119.84	4,230.35
1	CHOICE	2	0735-0800	2.0	1,533	119.84	1,837.15
1	CHOICE	3	0600-0735	15.0	10,274	118.84	12,209.62
1	CHOICE	3	0735-0800	8.0	6,164	118.84	7,325.30
1	CHOICE	3	0800-0900	1.0	849	118.84	1,008.95
1	CHOICE	4	0735-0800	1.0	772	105.84	817.08
1	GOOD	1	0550-0600	1.0	591	117.34	693.48
1	GOOD	1	0600-0735	2.0	1,308	117.34	1,534.81
1	GOOD	2	0550-0600	1.0	575	117.34	674.71
1	GOOD	2	0600-0735	11.0	7,283	117.34	8,545.87
1	GOOD	2	0735-0800	5.0	3,825	117.34	4,488.26
1	GOOD	2	0800-0900	3.0	2,508	117.34	2,942.89
1	GOOD	3	0600-0735	9.0	6,183	116.34	7,193.30
1	GOOD	3	0735-0800	10.0	7,611	116.34	8,854.64
1	GOOD	3	0800-0900	4.0	3,280	116.34	3,815.95
1	GOOD	3	0900-0950	1.0	905	116.34	1,052.88
1	GOOD	4	0600-0735	1.0	727	103.34	751.28
				81.0	58,559		68,744.69
TOTAL HEAD: 81.0				TOTAL HOT WEIGHT: 58,559			
CHECK NUMBER: _____		DATE ISSUED: 03/01/95			TOTAL COST: 68,744.69		

Table 3.

**SCALE HOUSE & SHRINK SYSTEM
FORMULA FEEDER KILL SHEET
Kill Date: 05/17/94**

APPLIER No: 00181202

PLANT: Amarillo

APPLIER NAME: Great Plains Cattle Fdrs Lot

LOT NO	LIVE WEIGHT		HOT WEIGHT	TOTAL SEXES			
	CALCULATED	REPORTED		STR	HFR	HOL	
032	90,795	89,482	57,201	85	5	0	
SEX	GRADE	YIELD DIST	WEIGHT	HEAD	HOT WGHT	COST	TOTAL COST
1	PRIME	2	0600-0735	1.0	645	119.99	773.94
1	CHOICE	2	0525-DWN	1.0	505	95.99	484.75
1	CHOICE	2	0525-0550	2.0	1,064	95.99	1,021.33
1	CHOICE	2	0550-0600	4.0	2,315	113.99	2,638.87
1	CHOICE	2	0600-0735	13.0	8,572	113.99	9,771.22
1	CHOICE	2	0735-0800	1.0	754	113.99	859.48
1	CHOICE	3	0600-0735	13.0	8,614	112.99	9,732.96
1	CHOICE	3	0735-0800	2.0	1,500	112.99	1,694.85
1	CHOICE	4	0800-0900	1.0	802	112.99	906.18
1	CHOICE	1	0600-0735	1.0	648	92.99	602.58
1	GOOD	1	0525-DWN	1.0	509	90.79	462.12
1	GOOD	1	0525-0550	1.0	533	90.79	483.91
1	GOOD	1	0550-0600	1.0	590	108.79	641.86
1	GOOD	1	0600-0735	3.0	1,941	108.74	2,111.61
1	GOOD	2	0525-0550	1.0	547	90.79	496.62
1	GOOD	2	0550-0600	9.0	5,180	108.79	5,635.32
1	GOOD	2	0600-0735	13.0	8,501	108.79	9,248.24
1	GOOD	2	0735-0800	2.0	1,515	108.79	1,648.17
1	GOOD	3	0550-0600	2.0	1,181	107.79	1,273.00
1	GOOD	3	0600-0735	10.0	6,579	107.79	7,091.50
1	GOOD	4	0525-0550	1.0	528	87.79	463.53
1	MISC	1	0600-0735	1.0	614	87.99	540.26
1	MISC	2	0525-DWN	1.0	511	87.99	449.63
2	PRIME	2	0600-0735	1.0	641	119.33	764.91
2	CHOICE	2	0600-0735	1.0	642	113.33	727.58
2	GOOD	2	0525-DWN	1.0	471	90.13	424.51
2	GOOD	2	0600-0735	2.0	1,299	108.13	1,404.61
				90.0	57,201		62,353.54
TOTAL HEAD: 90.0				TOTAL HOT WEIGHT: 57,201			
CHECK NUMBER: _____		DATE ISSUED: 05/25/94			TOTAL COST: 62,353.54		

Table 4.

SCALE HOUSE & SHRINK SYSTEM
 FORMULA FEEDER KILL SHEET
 Kill Date: 0/16/94

APPLIER No: 00181202

PLANT: Amarillo

APPLIER NAME: Great Plains Cattle Fdrs Lot

LOT NO	LIVE WEIGHT		HOT WEIGHT	TOTAL SEXES			
	CALCULATED	REPORTED		STR	HFR	HOL	
029	119,710	118,570	75,417	110	0	0	
SEX	GRADE	YIELD DIST	WEIGHT	HEAD	HOT WEIGHT	COST	TOTAL COST
1	CHOICE	1	0735-0800	1	741	113.99	844.67
1	CHOICE	2	0525-0550	1	545	95.99	523.15
1	CHOICE	2	0550-0600	1	598	113.99	681.66
1	CHOICE	2	0600-0735	11	7479	113.99	8525.31
1	CHOICE	2	0735-0800	3	2222	113.99	2532.86
1	CHOICE	3	0550-0600	1	559	112.99	627.09
1	CHOICE	3	0600-0735	9	5989	112.99	6766.97
1	CHOICE	3	0735-0800	7	5237	112.99	5917.29
1	GOOD	1	0550-0600	1	578	108.79	628.81
1	GOOD	1	0600-0735	13	8881	108.79	9661.64
1	GOOD	1	0735-0800	4	3068	108.79	3337.68
1	GOOD	2	0735-0800	5	3825	117.34	1937.55
1	GOOD	2	0600-0735	20	10851	108.79	20508.00
1	GOOD	2	0735-0800	4	3046	108.79	3313.74
1	GOOD	2	0800-0900	1	801	108.79	871.41
1	GOOD	3	0525-0550	1	549	89.79	492.95
1	GOOD	3	0550-0600	1	556	107.79	599.31
1	GOOD	3	0600-0735	15	10096	107.79	10882.48
1	GOOD	3	0735-0800	4	3032	107.99	3268.19
1	GOOD	3	0800-0900	1	812	107.79	875.25
1	GOOD	3	0735-0800	110	75417		82796.01
TOTAL HEAD: 110.0				TOTAL HOT WEIGHT: 75,417			
CHECK NUMBER: _____		DATE ISSUED: 05/25/94			TOTAL COST: 82,796.01		

Table 5. Closeout Report with sources and yield and grade information														
LOT #: 2279 STR NAME: Goodno, FL			CLOSEOUT DATE: 05/20/93			HEAD: 179 DEAD: 0		HEAD DAYS: 37903 DEATH LOSS: 0.00%		AVERAGE DOF: 212				
SOURCES														
IN DATE	HEAD	AVG WGT	SHRINK	TOTAL COST	BUYER	SOURCE	BREED							
10/14/92	179	544	0.039	\$86,087.14	Jackie Bass	DB Cattle-Goodno Ranch	Brahman-English 1 1/2							
179		\$86,087.14		AVERAGE PRICE		\$88.45								
TOTAL IN WEIGHT: AVERAGE:			97,325 544	TOTAL OUT WEIGHT: 193,934 AVERAGE: 1,083			GAINS/HEAD DEADS IN: 540		A.D.G. 2.55					
POUNDS FED:		753,091	As Fed	DRY:		592,607	DRY MATTER: 78.69%		FEED \$/CWT: \$5.78					
CONSUMPTION:		19,869	As Fed	DRY:		15,635								
CONVERSION:		7.80	As Fed	DRY:		6.13								
DELIVERED CATTLE COST: \$ 86,087.14				COST PER HEAD:		\$480.93	COST/CWT: \$88.45		TTL C.O.G: \$0.4808					
FEED EXPENSE: 43,548.74				COST PER HEAD:		243.29								
PROCESSING EXPENSE: 2,322.79				COST PER HEAD:		12.98								
VET EXPENSE: 577.93				COST PER HEAD:		3.23								
TOTAL EXPENSE: \$132,536.60				COST PER HEAD:		\$740.43	COST/CWT: \$68.34							
PLANT INFORMATION														
Cattle sold as railers (kill data not always available): 14														
Date		Head	Lot % of kill lot	Weight	% Yield	% Choice	% Std or No Roll	Yield %		Carcass weights %				
								Grade 4 down	Grade 2 up	500 down	900 up	Dark cutters	Hard bones	
04/21/93 Wed	Railers	1	0.4	1022	63.48	28.68	1.34	0.00	69.73	0.00	0.00	0.00	0.00	0.00
05/01/93 Sat	Railers	13	7.4	926	62.80	33.44	11.93	0.57	78.18	9.66	0.00	0.00	0.00	0.00
05/13/93 Thu	Formula	119	47.6	1116	63.54	65.00	0.00	0.00	53.20	0.00	1.20	0.00	0.00	0.00
05/19/93 Wed	Formula	10	5.0	1102	63.84	55.00	5.50	0.00	77.00	0.00	0.00	0.00	0.00	0.00
05/20/93 Thu	Railers	36	14.4	1028	63.10	39.00	5.20	0.00	78.80	1.20	0.00	0.00	0.00	0.00
TOTALS:		179			63.43	57.36	2.05	0.04	61.05	0.83	0.82	0.00	0.00	0.00