



Angus Stakes

► by *Shauna Rose Hermel*, editor

Don't settle for average

In his presentation at the Angus Convention in Fort Worth, Texas, CattleFax CEO Randy Blach shared his company's observation that the cattle price cycle is back. That means shifts in supply and demand will again take the driver's seat in determining price trends. While that may be good news for forecasters, it is a caution for cow-calf producers.

The price cycle

USDA revealed 32,500,000 beef cows in inventory July 1, 2017 — back on par with 2008 inventories (see https://www.nass.usda.gov/Charts_and_Maps/Cattle/jul_bcov.php). Add to that the increase in average carcass weights, and supply is, frankly, booming.

As Troy Smith points out in his summary of Blach's presentation in the Angus Convention Newsroom (www.angus.org/Media/News/AngusConvention.aspx), cattle prices are expected to trend lower, tightening cow-calf margins.

Increasing heifer slaughter numbers, Blach said, indicate expansion of the national herd is slowing. Common sense would say that means the needed expansion of the bull battery required to breed those cows would also be slowing. Common sense would reason that *the average* price of any segment of the beef industry — calves, fed

cattle, replacement heifers, cows, bulls — will likely trend lower.

So, don't be average

That's not a reason to be negative about your future. In fact, it gives you — as a registered Angus breeder — and your customers an edge in the years ahead. All you have to do is commit to providing the premium-quality product and documenting the advantage you provide.

Even if corn and soybean prices are favorable to the cattle industry this fall, other input costs such as land and labor are not. That makes it harder and harder to try to justify a low-input track to profitability. While your customers might understand this without hard numbers as proof, do their bankers?

Put yourself in your customers' shoes. Asking the banker for approval to pay a premium price for bulls counting on

premium prices for the calves when they are sold 20 months from now might require proof that those calves should indeed be more valuable than average. Feeders will need proof of a good business decision rather than a good sales gimmick when asking for funds to buy premium-quality feeder calves that are the same size, weight and color as lower-priced alternatives. That's where the Association can help.

One of the Association's greatest assets to you and to your customers rests in providing the means for you to provide objective, meaningful descriptions that document the added value your cattle have for the next sector of the industry. At first, that meant a registration paper with a pedigree. It transitioned, as needed, to within-herd ratios, expected progeny differences and genomic profiles on seedstock.

Programs like AngusSource®, Gateway and GeneMax® profiles help quantify the value of your Angus genetics in your customers' cattle. The purchase of Verified Beef (see "Front Gate," page 16) and the subsequent new feeder-calf program under development at the Association take the next step, putting another tool in the toolbox to objectively quantify the added value of your genetics.

Prepare for a more competitive environment. Document your advantage and help your customers do the same.

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▶ **Mississippi Angus Ass'n Meeting & Banquet, May 5, Raymond**



▶ **Correction to come for the September Next Generation**