

# Cow-Calf Trends

Annual CattleFax survey findings offer a benchmark for producers.

by Kindra Gordon, field editor

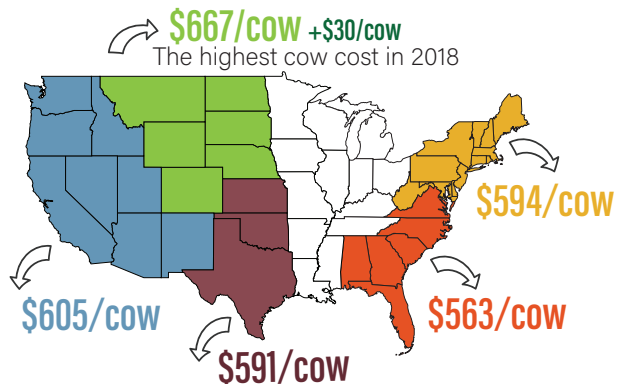
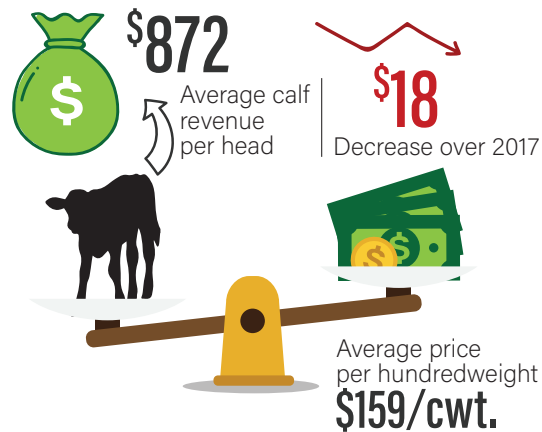
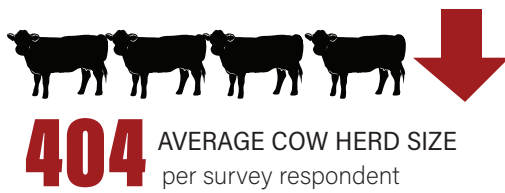
“Know thy numbers” is a common business mantra. In that vein, CattleFax annually surveys U.S. cow-calf producers to keep a pulse on industry costs, revenue and other trends. Conducted each January, the survey provides a look-back for the previous year and indicators for the year ahead. Data for the 2018 survey was gathered from cow-calf participants across the country in January and February 2019 and represents 500,000 to 700,000 cows.

Among the 2018 findings:

- Average cow herd size was 404 head, down from the 527 head per survey respondents in 2017.
- Average cow cost was \$604, up just \$1 from the reported cost a year ago.
- Calf revenue was \$872 per head, down from \$890 in 2017. Average price per hundredweight (cwt.) was \$159/cwt., down from \$161/cwt. in 2017. CattleFax analyst Tanner Aherin explains

that 2018 was on track to provide higher average prices and calf revenues than the year prior, until the last two months of 2018 produced market lows that pulled prices down. “This confirms how critical market timing can be and paying attention to the seasonality of the calf market and the fall lows,” Aherin advises.

- Average weaning weights for steers was reported as 567



pounds (lb.) and 527 lb. for heifers, which was down 7 lb. from 2017. Aherin attributed this to drought in the western one-third of the United States, which may have prompted more early weaning and thus weights being lower.

- Regional differences in cow costs continue, with the Northern Plains showing the highest costs at \$667/cow, which is up \$30/cow from 2016. Aherin suggests this is due to higher land/pasture values in the region and the increased feed needs during winter. The Northern Plains region includes Montana, the Dakotas, Wyoming, Colorado and Nebraska. States in the Northeast region averaged \$594/cow, the Western region averaged \$605/cow, the Southern Plains states averaged \$591/cow and the Southeast region averaged \$563/cow. Aherin noted that cow costs for 2019 will likely increase due to the tough winter and spring flooding conditions that resulted in increased feed needs.

## High- vs. low-return producers

What management strategies can help producers move to higher returns? Aherin shares that high-return producers cite their four most important categories as animal health, nutrition, genetics and marketing. And, Aherin notes that three of these are tied to reproduction and fertility.

Additional commonalities that the CattleFax survey indicates contribute to high-return producers include:

High-return producers typically wean a 90% or higher calf crop, while low-return producers average about 86 to 87%.

High-return producers maintain a tighter calving interval, typically less than 45 days, and few beyond 60 days. Aherin points out that this then contributes to faster breed-back, a more uniform calf crop to market, and even heavier weaning weights. CattleFax data indicate high-return producers typically wean off calves that are 25 lbs. heavier compared to the U.S. average. Animal health and better genetics can also contribute to this.

Regarding weaning protocols, Aherin says CattleFax data suggest calves weaned and preconditioned for 45 days usually yield the most return so long as the protocol is communicated to buyers. Calves with no vaccinations or only one round of shots are showing a \$5 to \$9/cwt. discount, while calves with source, age, natural, GAP or NHTC documentation can garner \$3 to \$17 premiums per head.

That said, Aherin underscores that producers need to weigh their costs versus benefits in deciding which preconditioning or verification protocols they pursue. He points out that time, labor and facilities also dictate what is possible. Additionally, he emphasizes, “It’s important to understand what your breakeven is and if you will be profitable.”

## Other trends

In looking at bull purchase price data compared to the average value returned per calf, Aherin tells producers, “Spending more on bulls can pay off in the end.” Data collected showed that bulls costing \$2,501 to \$5,000 returned \$865/head, while bulls costing \$5,001 to \$7,500 returned \$943/head. Aherin noted that’s an additional \$80/calf for the better genetics. He says with each bull siring on average 25 calves, the extra cost

## Watch list for 2019 and 2020

Looking ahead, CattleFax analysts are forecasting the cattle industry will remain generally profitable, but cyclical risk going into fall and the early 2020s exists. Among the factors on their watch list that could impact prices include:

African Swine Fever remains a wild card and will continue to be an issue for the next several years. CattleFax’s Patrick Linnell explains, “With the decline in hog numbers, exports will be needed to fill the protein gap [especially in China.]” Linnell anticipates U.S. pork and poultry will primarily be tapped to help fill global protein needs, but there should be opportunities for U.S. beef exports.

That said, Linnell notes that export market access will continue to be critical.

Regarding corn prices and production, Linnell says it could be a risk to feeder cattle and calf values for the first time in several years. As a result of the uncertainty, he projects market volatility to remain elevated.

The possibility of an economic slowdown — in the United States or globally — is also a concern going into 2020. Linnell notes that beef demand has been solid the past several years, but a slowdown would affect the dollars coming into the beef industry.

is easily paid for within one year in certain types of situations.

Another interesting finding from the CattleFax survey: producers indicated they expect seven to eight calves on average from a bred heifer.

Lastly, regarding cow herd expansion plans, Aherin says over the last three years of the survey the number of producers indicating they’ll decrease herd size has moved from 10% to 14%, meanwhile, the number of producers indicating they’ll grow herd size has moved from 53% down to 47% showing interest in expanding. He suggests the expansion phase in the cow-calf industry is slowing. 