



*But just having  
Angus cattle won't  
be enough in the  
years ahead.  
As a breed and as  
individual breeders,  
we are going to have  
to put more pressure  
than ever before on  
improved genetics  
and within herd  
genetic  
improvement.*

## Beef Industry Challenges Us to Move Ahead of Average

The beef cattle industry is entering a period in which superior genetics will be more important than ever before. Breeds and breeders who can supply the genes our industry needs will be rewarded and those who can't will sell at a discount.

Look at what is happening today. Beef supplies are growing, evidently faster than demand. Cow slaughter, which is beginning to increase, will pick up substantially as we work into the liquidation phase of the cattle cycle. This always works to depress prices even more.

Many cattle are too big and yet don't grade Choice. A recent report in *Cattle Buyers Weekly* told of increases in beef carcass weights. One packer reported 32 carcasses that averaged 1,241 pounds. That's about the desirable weight for a finished steer, not a carcass.

Packers are refusing to bid on some 1,300-pound cattle because they don't believe these animals are finished. The failure of cattle to grade USDA Choice, even at these extreme weights, puts downward pressure on Select cattle. In early September the spread between Select and Choice was approaching per hundredweight (cwt.) Carcass steers sold at the National Junior Angus Show in July posted a \$7 break between Choice and Select at a major packer. That meant an average \$55 per head advantage for the Choice steers.

On the other side of the coin, demand for high-quality beef is currently pushing the Certified Angus Beef Program to its limits where supply is concerned. The shortage of high quality cattle meeting Certified Angus Beef Program specifications has put a hold on expansion into new grocery stores and chains.

As the demand for lean, high-quality beef increases, spreads will likely widen. We may even see higher prices paid by packers for cattle qualifying for the Certified Angus Beef Program. Even today, packers pay their top price for Angus and good Angus-cross steers. Some CAB packers, although they don't advertise the fact, pay an additional one dollar per cwt. premium on every carcass that qualifies for the program.

There are already big differences in the value of cattle. All one has to do is consider the discounts on heavy, over-fat, low-grading carcasses, and the top prices paid for cattle that will produce USDA Choice carcasses, yield grade 3 and better, in the right weight range. What with the occasional CAB carcass

premiums, we may be getting only a preview of what is to come.

Which brings us back to my original point. The breeds and breeders who can supply the genetics to produce cattle meeting the increasingly narrow specifications will be in the driver's seat. This will be so, not only during the herd reduction phase of the cattle cycle, but in the growth and expansion phases as well.

There is no secret about the industry's needs. Cattle must grade USDA Choice, and average Choice or better is preferable. Thus, positive marbling expected progeny difference (EPD) will be important to a growing number of bull customers. Cattle must reach the preferred grade at acceptable weights. That means producers will pay closer attention to yearling weight EPD. Most people know that extreme size is no asset today, but some still fail to realize that frame score 6 steers finish out in the 1,250- to 1,350-pound weight range. Thus, the seedstock breeder who markets bulls to commercial cattle producers who run a herd of 5- and 6-frame cows must walk a tightrope. He or she must produce bulls that will maintain the producer's cow size and sire steers that finish at the most desirable weights.

As a registered Angus breeder, you are in an enviable position in the beef cattle industry. You have the Certified Angus Beef Program to help stimulate demand. Angus are known for their superior carcasses, and for a host of other economically important traits. To most packer buyers today, black is their hair color of choice.

But just having Angus cattle won't be enough in the years ahead. As a breed and as individual breeders, we are going to have to put more pressure than ever before on improved genetics and within herd genetic improvement. The average Angus of today, as desirable as they are, probably won't be more than "acceptable" a decade or two from now.

We have enjoyed eight years of steady growth in the Angus breed. There is no reason this growth can't continue for another eight or even 18 years. Eighteen years from now will put us in the year 2021. It's not too early to consider what kind of herd you'd like to have, and what kind of cattle you want to produce in the second decade of the 21st century.

