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Challenging Times Ahead

The Cattle-Fax Update that arrived this morning lists the price spread between Choice and Select 550 to 700 pound carcasses as \$4.63 per cwt. That amounts to \$39.41 per carcass, or a whopping \$1,970 on 50 head of steers.

As more and more cattle producers retain ownership on their best calves, they experience first hand the wisdom of producing cattle that grade USDA Choice. As a result, more and more commercial cattle producers look to the Angus breed to improve their cattle and their profits.

As feeder and finished cattle prices trend lower, and as the overall supply of fresh meat (poultry, pork and beef) reaches ever higher levels, we can expect the spread between average and high-quality cattle to widen. Buyers will increasingly discount cattle that won't grade and produce a product that will satisfy consumers. Consequently, it appears demand for Angus will continue strong in the years ahead. Even if prices of registered Angus bulls don't continue to increase as they have the past seven years or so, the breed should continue to be the price leader as more and more people switch to Angus bulls in order to produce a more acceptable beef animal.

I wish I could say that this means equally strong demand for every registered Angus animal every member produces. But that has not been, and will never be the case. In fact, the job of breeding top-selling Angus seedstock in the years ahead will become increasingly difficult. The breeder who produces the most desirable bulls with the ideal balance of traits, will have to perform a delicate genetic juggling act.

For example, one large Nebraska rancher recently told us he switched to artificial insemination of his first calf heifers because he just couldn't find "heifer bulls" meeting his carcass and other production goals. He demands bulls with a balance of calving ease, weaning and yearling weight, carcass traits and milk. Understand that he isn't using artificial insemination because he wants to, rather it is because bulls with calving ease plus an acceptable balance of traits are "... few and expensive to buy." This illustrates just one market potential for Angus bulls that is wide open for growth.

Some people worry our breed might re-enter a period of single trait selection for carcass quality. That certainly doesn't seem likely.

The simple truth is commercial cattle producers aren't looking for, and in fact won't accept, bulls outstanding in only a single trait or two. The demand for bulls with a balance of traits at optimum levels is going to increase, and fortunately Angus have a higher concentration of these traits than any other breed.

The other day a cattle market employee told me the market for the right kind of feeder cattle, basically Angus and Angus crosses, was good. "The rest of them," he said, "are getting hammered." This is probably a description of what is to come in our business for the next few years.

On the other hand, the future looks bright for Certified Angus Beef Program sales. We set a new sales record in 1994 and only supply availability will keep us from continuing to market record amounts in the coming years. The growth of this program and the demand it creates for Angus cattle will depend upon our ability to produce and market more of the right kind of Angus bulls. Despite the fact that more Angus bulls are being used in the commercial cattle industry, the acceptance rate is not climbing. In fact, in October the acceptance rate of visually qualifying cattle that actually met the CAB Program carcass standards was just over 14 percent; one of the lowest acceptance rates in a long time.

The increased number of Angus bulls marketed are often used on females with little or no Angus blood. As a result, many of the calves produced still can't make it into the upper two-thirds of the Choice grade. To increase CAB Program acceptance rates we need cow herds with a higher percentage of Angus blood, and Angus bulls with higher positive expected progeny differences (EPDs) for marbling. We must do an even better job of marketing, as well as cattle breeding.

We will be challenged by prices, by markets and by consumer demand in 1995 and the remainder of this decade and century. I am convinced, however, that if we meet these challenges head on, always keeping the ultimate consumer in mind, the Angus breed will enter the 21st Century stronger and more popular than it has ever been before.

