



Market Advisor

► by **Tim Petry**, livestock marketing economist, North Dakota State University

Calf marketing process should start now

Most cow-calf producers are enjoying another successful spring calving season. Thoughts of marketing those newborn calves in the fall may be far from their minds. However, spring is an ideal time to start the marketing process, even though the actual sale date is still months away.

Selling close to the top

Last fall, the range in prices for the same weight and grade of calves at the same sale was wider than at any other time in history. Northern Plains auction markets recorded \$15 per hundredweight (cwt.) or even greater ranges in prices. Fall 2008 price ranges could be even wider.

A group of 550-pound (lb.) calves that bring \$15 per cwt. more than another group at a sale return an additional \$82.50 per head. Trying to reduce costs by that amount may be difficult due to rising feed, fuel and land costs. Keep in mind that an additional \$50 to \$100 per calf may be the difference

between profit and loss. So, selling calves near the top of the range rather than close to the bottom will be important.

Since supplies of calves will be near last year's levels, the two most important fundamental factors that will affect fall calf prices will be corn and fed-cattle prices.

Corn and calf prices

Corn prices are higher than last year and will continue to be volatile as news reports about planted acreage and weather in the Corn Belt, and even worldwide, are released. Usually, a 10¢-per-bushel (bu.) change in corn prices causes a \$1-per-cwt. change in the opposite direction in fall calf prices.

Fed-cattle prices have also been fluctuating with general economic conditions in the U.S., changing supplies of competing meats and attempts to regain export markets for U.S. beef.

Cow-calf producers have no control over corn and fed-cattle prices, but can influence some of the many factors that affect feeder calf prices. So, what can be done to assure that calves bring the best possible price?

Value-adding practices

Of course, Angus-sired calves are in high demand and bring strong prices.

But other factors can have a significant effect on prices as well. A first step would be to visit the market where calves are usually sold for tips on management and marketing practices that can favorably affect prices. Do this soon because some of the practices must be implemented at calving time.

Calves that have had appropriate vaccinations that can be documented may bring premium prices. Check with both your veterinarian and sale market manager to determine what health program is best for your area.

Feedlot buyers usually prefer calves that have been weaned and bunk-trained.

Natural beef is increasing in popularity

and calves that qualify for natural programs may bring premium prices. Many of you may be aware that Certified Angus Beef LLC (CAB) has a natural program. The key is being able to document that calves have not received growth implants, antibiotics or animal-derived feed.

Age- and source-verified calves may bring a premium because beef exported to Japan must be verified as coming from cattle that are 20 months of age or less. Several large beef retailers in the U.S. now prefer source-verified beef. AngusSource® is a U.S. Department of Agriculture (USDA) Process Verified Program (PVP) that identifies Angus-sired calves and documents the source, genetic and group age information of the enrolled calves. For more information see www.angussource.com or <http://processverified.usda.gov>.

Other ways to enhance the value of calves may be by documenting feedlot performance of past calf crops, enrolling in beef quality assurance (BQA) programs, and marketing at special Angus-influenced feeder calf sales sponsored by state or local Angus associations.

High-quality Angus replacement heifers are also bringing premium prices. Bang's (brucellosis) vaccination, uniformity of the lot, reputation of the seller and providing genetic information are important factors that affect prices.

The key to enhancing the prices of fall calves is to start the marketing process early. Now is the appropriate time to implement the strategies that will add value to calves. Don't wait until sale day and simply haul the calves to market and expect premium prices.

Tim Petry
E-MAIL: tim.petry@ndsu.edu

Editor's Note: Addressing marketing issues affecting the livestock industry, "Market Advisor" is a monthly column distributed by the NDSU Agricultural Communication office. Petry is a livestock economist with the NDSU Extension Service. In that role, he provides assistance to all livestock segments in the state, focusing on adding value to the livestock industry in the region. An archive of columns can be found at www.ag.ndsu.nodak.edu/aginfo/lsmkt/news/archive.htm.



PHOTO BY SHAUNA ROSE HERMEL

► Since supplies of calves will be near last year's levels, the two most important fundamental factors that will affect fall calf prices will be corn and fed-cattle prices.