



# Market Advisor

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

## Fall marketing of Angus calves

*Cow-calf producers should start making plans for marketing those good Angus calves, even though the actual sale date may be weeks or even months away.*

Calf prices at livestock auction markets in the Northern Plains were averaging very near last year's levels in mid-September. Many 550- to 600-pound (lb.) steers were selling between \$120 and \$130 per hundredweight (cwt.), and premium-quality calves were bringing even more. Cyclically short supplies and strong demand are supporting prices.

Feeder cattle supplies outside of feedlots on July 1 were up only 1% from last year, and placements into feedlots were 17% above 2005 in July and 10% higher in August due to dry weather conditions in many Northern and Southern Plains states.

Placements of cattle weighing less than 600 lb. were up almost 43% in July and just under 63% in August.

### Corn and fed cattle prices

Two important fundamentals that affect demand for fall calves are corn and fed-cattle prices.

The U.S. Department of Agriculture (USDA) is now estimating the second-largest corn crop ever at 11.1 billion bushels (bu.), which is helping keep a lid on prices even with the ever-increasing demand for corn for ethanol production. December corn futures prices in mid-September had fallen about 30¢ per bu. from July highs.

Typically, for every 10¢-per-bu. decline in corn prices, fall feeder calf prices increase about \$1 per cwt.

Fed-cattle prices have increased \$8-\$10 per cwt. from July lows, with increasing export demand for beef and seasonally declining beef production. Furthermore, moderating energy prices and lower supplies of chicken from the beginning of the year are helping domestic demand.

### Seasonal prices

Some seasonal weakness in calf prices can be expected as the heavy runs come to market in October and November. However, prices should still average near or slightly below last year's record levels.

Feeder calf marketers are reminded that different lots of calves of the same weight and grade can sell at a relatively wide range in prices, depending on the many market factors that can affect prices. It is common in the fall for prices of 550- to 600-lb., USDA medium and large frame, No. 1 steers to differ \$10 and even up to \$20 per cwt. at the same sale.

Producers are encouraged to contact their market early (at least several weeks prior to selling) for tips on management and marketing practices that can help ensure that calves bring the best possible price. Of

course, Angus-sired calves are in high demand and bring strong prices. But other factors can affect the sale price as well.

### Premium prices

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

Natural beef is increasing in popularity, and calves that qualify for those programs may bring premium prices. The key is being able to document that they have not received growth implants, antibiotics or have been fed animal byproducts. Many of you may be aware that *Certified Angus Beef*® (CAB®) now has a natural program.

Age- and source-verified calves might 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 USDA Process Verified Program (PVP) that identifies Angus-sired calves and identifies the source, genetic and group age information of enrolled cattle. For more information see the web site at [www.angussource.com](http://www.angussource.com).

Other ways to enhance value of calves may include documenting feedlot performance of past calf crops, beef quality assurance programs (BQA) and special Angus-influenced feeder calf sales sponsored by state or local Angus associations. Of course, high-quality Angus replacement heifers are also bringing premium prices.

The key to enhancing the prices of fall calves is to start the marketing process early. Don't wait until sale day and simply haul the calves to market and expect premium prices. You have a commodity that is selling very well now, and a working relationship with your market in advance will enhance your bottom line even more.

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