Be Strategic with Cull Cows

Marketing options help yield added value from cull animals.

by ***Troy Smith,*** *field editor*

John Wayne's definition was not exactly right. Rather, it was his character in the movie *McClintock!* whose statement doesn't quite ring true. In the film's title role, Wayne uses cowmen's parlance to express disdain for a prominent politician, calling the man a "cull."

"Do you know what a cull is, ma'am?" he asks another character. "A cull is a specimen that is so worthless that you have to cut him out of the herd."

Let's concede that McClintock's definition may have more closely fit the period depicted in the film — presumably the late 19th century. Today, however, market-savvy cow-calf producers don't look upon cull animals as "worthless." Evidence suggests the sale of cull animals represents around 20% of a cow-calf operation's annual revenue.

While cull cows may no longer suit their owner's purpose and warrant removal from the breeding herd, the owner has multiple potential marketing options. Some options represent a departure from conventional thinking.

Traditional methods

Of course, not all producers spend time thinking about marketing cull cows. They do it whenever it's most convenient, getting rid of cows in the easiest and quickest way possible. For animals that are injured or seriously blemished, that is prudent. For other cull cows, having a marketing plan is worthwhile. Producers may want to retain cull cows for a period of time and manage them in ways that can increase returns when the animals are sold for slaughter. However, some cows, determined open or late-bred and unsuitable to one producer's operation, might still make suitable herd replacements for another producer's program.

Historically, cull-cow prices have fluctuated seasonally, being inversely proportional to supply. Because most U.S. producers calve in the spring, cull cows start coming to market in the fall, after calves are weaned. Consequently, cow prices have been lowest during late fall and winter, when the slaughter-cow supply is greatest. Prices have been highest in the spring and summer when the market supply dwindles.

Thus, producers have been advised to

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consider delaying marketing until a period of more favorable prices. Usually, this has been most advantageous to producers having access to relatively low-cost grazing resources or other feeds. Management of cull cows can be flexible, allowing for utilization of a wide variety of feeds and feed quality. Along with delaying marketing, retaining cows for a period of time affords the opportunity to increase market weight and improve both dressing percentage and quality classification.

Getting the grade

Carcasses from mature cows (or bulls) are eligible for quality grades of Commercial, Utility, Cutter and Canner. In practice, however, mature slaughter cows are seldom graded for quality or yield grade (estimated amount of closely trimmed retail cuts). Much of the beef from mature slaughter cattle goes toward processed beef rather than retail cuts, so these animals are categorized according to red meat yield (percent lean) and dressing percentage. Most cows fall into one of three classifications — Lean, Boning or Breaking, which correspond with the likely use of beef derived from animals in each classification.

Cows classified as Lean are thin, with a body condition score (BCS) of 4 or less, and typically yield 85%-90% lean meat. A majority of Lean cow carcasses are used for boneless processing beef. Boning cow carcasses, from animals with a BCS of 5-7, are expected to yield 80%-85% lean. They produce some whole-muscle cuts, with the remainder of the carcass used for boneless processing beef. Cows fitting the Breaking classification are well-muscled and carry more condition. Typically ranking a BCS of 7 or higher and yielding 75%-80% lean, Breaking cow carcasses are merchandised in whole-muscle cuts.

Slaughter-cow market classifications were discussed in a Cattlemen's College® session during the 2015 Cattle Industry Convention earlier this year in San Antonio, Texas. Attendees were reminded that a fourth classification, Premium White, exists for relatively young cows that have been fed a high-energy diet in order to enhance beef quality. They are so-named because a "finishing" period of 70-90 days prior to slaughter results in white fat, rather than the yellow fat typical of carcasses from forage-fed cows. Premium Whites may yield less than 75% lean, but they earn a premium for quality and are utilized as whole-muscle cuts.

The presentation's clear message was that slaughter cows should not be considered a byproduct of the beef industry. They yield more than ground beef. Still, demand for ground beef is a huge influence on slaughter-cow value. Cattlemen's College presenter Daryl Tatum, a Colorado State University meat scientist, emphasized that point.

"Today's slaughter-cow market is strongly driven by percent lean, because of the limited supply of lean beef and lean-beef trimmings," stated Tatum.

Showing a chart that tracked prices by classification, Tatum illustrated how the 2014 slaughter-cow market differed from the historical pattern — how dressed cow prices climbed sky-high in the summer, and still remained above $200 per hundredweight (cwt.) at year-end.

Tatum's graph also showed a departure from the typical market-cow classification price relationships. Rather than price per cwt. increasing from Lean to Boning and Boning to Breaking, the order was reversed. In the spring of 2015, USDA reports still showed Lean cows bringing the highest price per cwt.

Unconventional practices add value

Kansas State University economist Glynn Tonsor said that is a reflection of the continued shortage of lean beef for which slaughter cows are a significant domestic source. Tonsor called it temporary, but this cause-and-effect relationship is likely to keep the slaughter-cow market from returning to its past seasonal pattern — at least for a while. That complicates things for producers pondering whether to keep cull cows or buy some to feed for a future market date.

"It sounds simplistic, but you have to consider what the cows are worth at the start, what you think they will be worth on a later market, and what it will cost to get them there. You really have to know your costs," said Tonsor, noting that feeding cows under current conditions could be an uncomfortable proposition for risk-averse producers.

"Personally, if I had extra forage and the choice of using it for cows or feeder calves, I'd choose the latter," Tonsor added.

If producers are disciplined about pregnancy-testing cows, they could identify pregnant cows that will deliver during a chosen calving season.

Yet selling through the slaughter market isn't the only way to merchandise cull cows, especially while the national tally of breeding females is low, and bred cows demand high prices.

Speaking at last winter's State of Beef Conference in North Platte, Neb., University of Nebraska (NU) animal scientist Kelly Bruns noted how bred-cow prices had increased by more than 50% since 2012. He cited western Nebraska prices for fall-calving cows, sold in late summer, which ranged between $2,750 and $3,000. Bruns said producers might want to think about how cows that might otherwise be sold to slaughter could be marketed as bred females.

"Maybe producers need to think about why they pull bulls," suggested Bruns. "Can things done for the right reasons become obsolete?"

He was referring to conventional wisdom whereby producers achieve a defined calving season by exposing cows to bulls for a specific number of days and then removing the bulls. Following pregnancy examination, producers can then cull any cows found open. Under current conditions, however, it might make good economic sense to leave bulls with the cows.

If producers are disciplined about pregnancy-testing cows, they could identify pregnant cows that will deliver during a chosen calving season. Cows identified as "late calvers" could then be sold at bred-cow prices to producers whose calving season they fit.

Even cows found open after a defined breeding season may be candidates for "recycling." Bruns' NU colleague Rick Funston conducted two years of research involving retention and rebreeding of cows identified as open following the regular summer breeding season. After an estrus-synchronization protocol was applied, the cows were again exposed to bulls for 60 days, beginning in November.

The overall rebreeding pregnancy rate was 90% in the study's first year, and 82% in the second year. The percentage of cows that conceived in the first 21 days of the second breeding season was 89% and 80%, respectively. When both open and bred cows were sold in the spring, the bred cows netted a gain of $452.

Bruns emphasized that the profit opportunity hinged on the cull-cow market relative to the market for bred cows. It illustrates another way that cull cows can be managed and marketed, and that cull-cow marketing is opportunistic. The same plan may not work year after year. Producers gain an advantage if they have the flexibility to use different strategies as market conditions change.

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Editor's Note: *Troy Smith is a freelance writer and cattleman from Sargent, Neb.*