Economics of Adding Value to Cull Cows

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Gross Income from Sale of Cull Cattle, ISU-IRM-SPA: 1994-2000

- Just a little over 20% of gross income is from the sale of cull breeding cattle
- Of the $423 in total gross sales per cow, $84 comes from the sale of cull breeding cattle

Is there Income Potential with Feeding Cull Cows?

Yes and No.

It Depends!

For Typical Fall Culling Herds Using a 10 Year Historical Market We Found the Following:

- Hard feeding cows starting in November, sell February
  - Average gross revenue gain $185 +/-$45
  - Return above moderate feed cost $89 +/-$40
- Hard feeding cows starting in September, sell December
  - Average gross revenue gain $93 +/-$55
  - Return above moderate feed cost ($3) +/-$50

For Typical Fall Culling Herds Using a 10 Year Historical Market We Found the Following(cont):

- Grazing cows starting in November, sell February
  - Average gross revenue gain $123 +/-$40
  - Return above moderate feed cost $88 +/-$35
- Grazing cows starting in September, sell December
  - Average gross revenue gain $41 +/-$45
  - Return above moderate feed cost $6 +/-$45

Figure 1. 10 Year Seasonality Index for Boning Utility Cull Cows, Sioux Falls: 1992-2001.

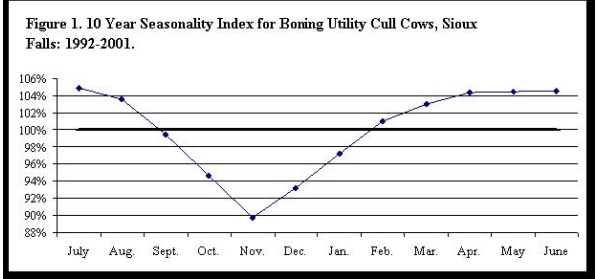

Table 3. Market Price Change When Upgrading Cull Cows from Cutter to Boning Utility: 1992-2001

	Wyoming		St. Joseph	
	$/cwt Change from	% Change from	$/cwt Change from	% Change from
Sep-Dec	$0.55	1.7%	$0.88	3.0%
Sep-Jan	$2.15	6.4%	$2.12	6.5%
Oct-Jan	$4.19	12.8%	$4.20	13.2%
Oct-Feb	$6.59	20.2%	$6.68	21.1%
Nov-Feb	$7.90	25.3%	$7.78	25.6%
Nov-Mar	$8.82	28.5%	$8.27	27.9%
Feb-May	$3.56	9.7%	$6.43	18.7%
Feb-Jun	$3.52	9.7%	$7.45	21.5%
Mar-Jun	$2.65	7.0%	$6.30	17.8%
Mar-Jul	$3.77	10.1%	$6.41	18.0%

3 Months Feed or 200+lbs

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taken from Table 3 proceedings

So What are We Doing by Feeding Cull Cows?

- Typically by feeding cows:
  - Gain significant weight
  - Increase dressing percent
  - Increase in total body fat
  - Replenish muscle tissue
  - But, drop in lean content trimmings

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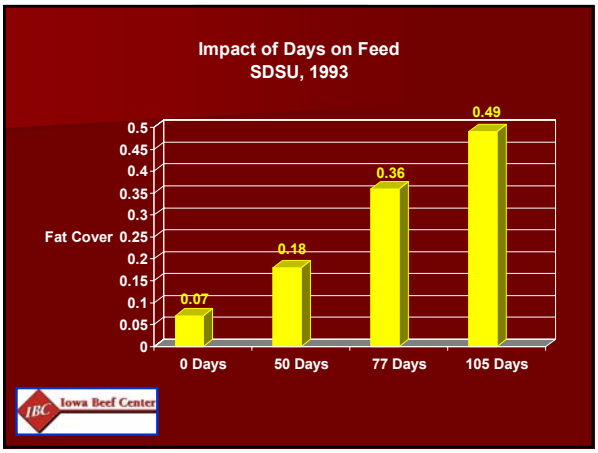

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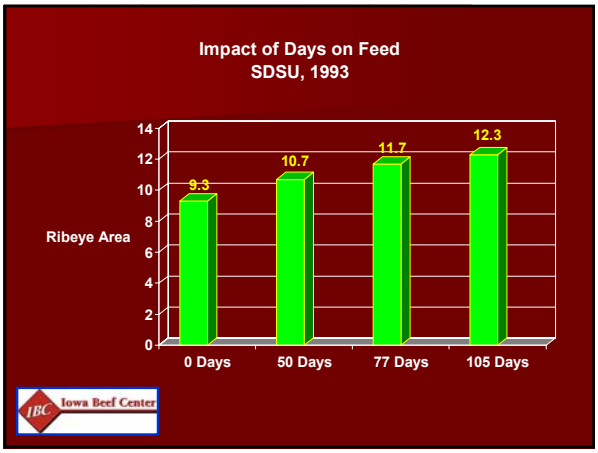

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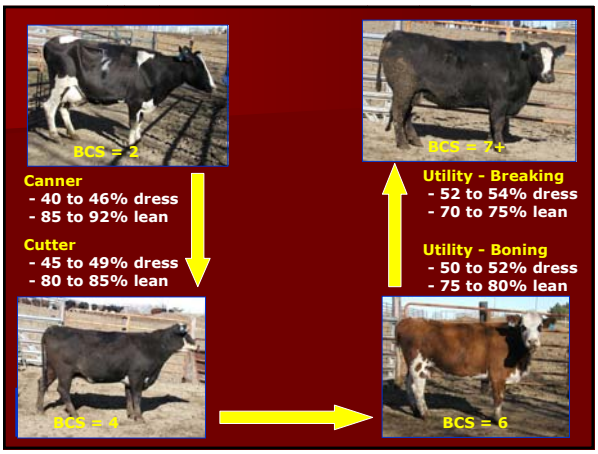

White Fat Cow Market

USDA Reports call them:

"Premium White"

What type of cow fits feeding out?

- First and foremost sound, healthy and in thin to moderate condition.
- However, keep in mind some thin cows are thin for a reason
  - Unsound feet and legs
  - Internal health problems
  - Unsound mouths
- Avoid retaining lumpy jaws, cancer eyes, etc.
- Do not keep sucked up body types and flat muscled cows, i.e., Holstein type.

Bad type for feedout – although in thin condition, shallow bodied, very flat muscled, and sucked up in flanks

Good prospects for Cull Cow Feedout – 3 to low 5 BCS, capacity and some muscle thickness

Poor prospects for Cull Cow Feedout – Too much Body Condition, most are Breakers.

TriCounty Carcass Futurity Cooperative

&

Recent Ultrasound SW Iowa Cull Cow Feedout

BCS	Wall 12th Fat	Wall REA
2	0.05	8.04
3	0.09	7.76
4	0.10	9.34
5	0.18	10.41
6	0.18	12.09
7	0.36	11.71
8	0.53	11.40

Expected Performance of Fed Cows

6 University Trial Average, Fed 56 to 84 days

Days on Feed	**70**	**Dress %**	**56.2**
ADG	**3.56**	**Fat Cover**	**.45"**
Feed/Gain (dry matter)	**8.36**	**Ribeye Area**	**11.4"**

What about adding value with grazing?

- Cornstalks and Stockpiled Grazing
  - Wean in October during good weather
  - Cornstalk grazing trials indicate gains of 1.5 to 2 lbs daily with 2 acres per cow per month.
- Thus 80-100 lbs every 50 days which would equalize 1 body condition score

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White Fat Cow Market?

What's Important

- White fat
- Adequate marbling
- Well-shaped ribeyes
- Carcasses that exhibit moderate to heavy muscling
- No Holstein types

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Key Best Management Practices for White Fat Cow Market

- Make them gain fast and as efficient as possible
- Use Ionophores (Rumensin or Bovatec)
- Use MGA, recommend .5 mg/hd/day
- Aggressively implant
- Start on feed slowly, use step up programs
- Use high energy rations, 61 to 63 mcals
- Bunk space critical, 20 to 24" per cow
- Vaccinate? One big yard feeding for AFG used modified-live for IBR, BVD (type 1&2), PI3, BSRV and Clostridial types C&D.
- Treat for external parasites, internal may not be necessary
- Feed a minimum of 50 to 60 days
- Budget in higher transportation costs, 29 to 31 hd/load

Grid Pricing Formula?

- Base price will be established for Cutter cows using USDA reported cow-cutout price
- Add in to price for the USDA drop credit
- Subtract out the through-put cost
- Premiums will be added for White Fat Cows
- Discounts will occur for lower valued cows

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Example Grid Price Formula-Cutter Cows

	$/cwt Dressed
Gross Cutout Value (12-6-02)	$81.57
Add in By-Product Drop Value	+$14.72
Subtract out through-put cost	-$15.50
	$80.79
Multiply by 48% Dress ($80.79 x 48%)	
	$/cwt Live
Grid Price Live	**$38.78**

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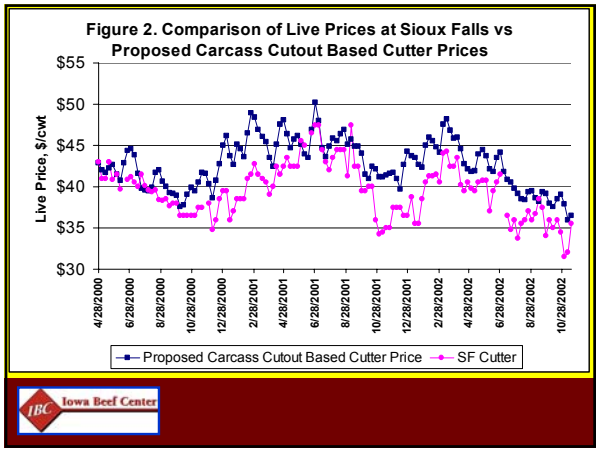

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Summary

- Added income potential exists
- Realize price seasonality can be both beneficial or detrimental to profit
- A must – sound, healthy cows in thin to moderate condition
- If feeding – maintain high gains for efficiency
- Study marketplace and be flexible in marketing efforts

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