



RECONSIDER CASTAWAY COWS

This fall, adding value before sale may generate greater profits.

by Barb Baylor Anderson, field editor

Do you automatically cull cows in the fall and sell all of them off without any thought? A change in routine could add a few more dollars to your balance sheet. The key is to recognize the decision on how to cull should be on a cow-by-cow, producer-by-producer and year-by-year basis.

“Cull cows can represent a significant component of a cow-calf operation’s annual income,” confirms Kellie Raper, an Oklahoma State University ag economist, who says cull-cow revenue as a percentage of income ranges from 15% to 30%. “Market prices have seen unusual increases in recent years, but the seasonal pattern persists. You can deviate from traditional fall marketing and potentially increase salvage value by retaining cows into spring for seasonally high prices.”

Although, be warned: That short-term cow feeding can be a high-risk enterprise. It’s not for everyone, says Stephen Boyles, Ohio State University Extension beef specialist. “You may be in and out of the market within 50 to 90 days. There is virtually no way to pass that financial risk to anyone else. It requires forethought as to facilities, feed source, feed cost and cow condition.”

Cut the fat first

Choosing the right cull cows for

fall marketing should be the initial, and easiest, decision.

“It is important to first assess which animals are likely to perform well and sell the others, even if it means at a loss or lower price than you would like,” says Boyles.

“Get rid of the big ones first,” adds Raper. “Cows with relatively high body condition scores (BCS) cost more to maintain through the winter and will likely outweigh any additional revenue. Cull-cow prices tend to be lowest in late October or early November, but it may still be the time to sell.”

Boyles advises giving every cow a physical exam in the fall. If they can’t walk well; are slow to rise; or have joint, leg or foot problems, they are not ideal candidates for adding value. Cows with skin

issues, bad eyes, lumpy jaw or lung damage should also be sold.

“Sell fat cows together for uniformity to get the most you can,” he says.

Raper encourages producers to weigh whether to breed open cows. “Heavier cows that might rebreed to be sold as bred cows are a risk if they do not become pregnant and you fed them longer. Our research indicates that any cows with a relatively high body condition score (BCS 6 or higher on a 9-point scale) should be marketed at culling regardless,” she says. “But, for natural-service operations, putting a bull in with the remainder of the cull cows to breed them and sell as bred cows may be a safe option. The bull has to eat regardless of where you keep him.”

Upgrade the right cows

How can you manage financial risk of the kept castaways? Upgrade to make more money.

“The best candidates for short-

term feeding are young, thin and healthy. Those cows add weight rapidly through compensatory gain much faster than normal-condition cows. They will have the highest conversion rate and gain,” says Boyles.

“Determine the initial body condition scores first, and consider feed cost and availability, days on feed, and carcass traits also,” he advises.

Elliott Dennis, University of Nebraska Extension livestock marketing specialist, says adding weight adds value because it implies more pounds will be sold. Research at the university suggests cows can gain 2.5-3.5 pounds (lb.) per head per day, depending on the ration and feeding period.

Boyles advises a grain-based, nutrient-dense ration with smaller, softer particles the first 30 days for the most rapid, efficient gains. Feeding the thinnest cows for 60-90 days, he says, may offer a 10:1 feed conversion and up to 3.8 lb. per day gain.

Quality is affected by the number of days on feed.

“Improving grading quality ensures you get more dollars per pound of animal sold,” Dennis says.

To increase at least one quality grade, the sweet spot is between a minimum of 50-60 days, but not more than 100-110 days.

“Different rations and timing of rations can help a producer accurately market cull cows in the right window, quality grade and weight,” he adds.

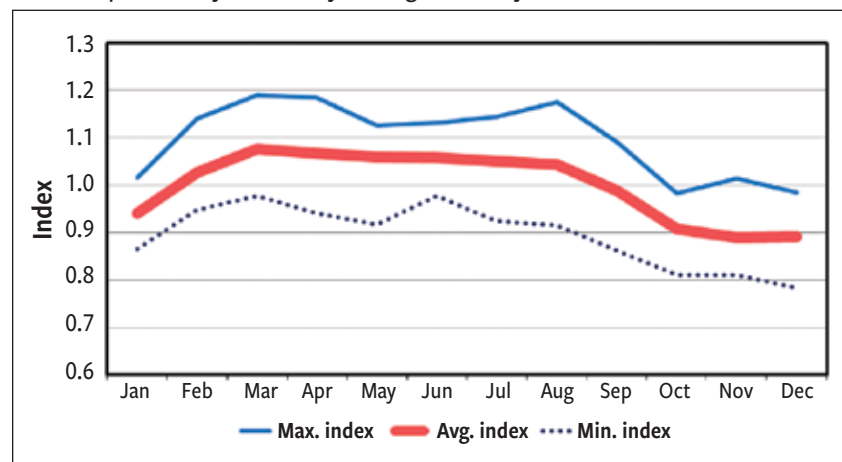
Watching the fat can add dollars with a higher quality grade. Boyles says white fat is preferable to yellow fat, and that comes with feed efficiency.

“You may be able to move up one or two grades from canner or cutter with white fat,” he says. “Feeding for two months usually reduces cutter carcasses and increases utility-grade carcasses.”

However, Raper warns, feeding to increase quality grade can be very expensive in some instances. She says most producers can feed for moderate weight gain or feed

Fig. 1: Seasonal price index, Utility cows, Southern Plains, 2010-2019

Cull cow prices vary seasonally throughout the year.



for minimum maintenance and hit seasonally higher spring prices for a better return.

“Most gain in revenue comes from the typical seasonal price upswing in late winter-early spring, and most cost comes from feed,” she says. “Stockpiled forage either in the pasture or from the barn can be a relatively inexpensive feed source for maintaining cull cows, especially if you have older hay that is still good but might not provide the level of nutrition bred cows need.”

Health is another factor.

“If you let udders dry out after weaning, cows gain intake better before you sell,” says Boyles.

“Treat for parasites to also improve gain and consider aggressive or high-potency implants or medicated feed additives and a minimum 20-24 inches of bunk space per cow. High-energy finishing diets give

growth and more body weight from protein and water.”

Feeding thin cows in that wider range of days may additionally help producers manage any short-term price changes. Boyles notes if the market goes down during that time, thinner cull cows can be fed longer and still achieve efficient, economical costs of gain.

Price seasonality

Cull-cow prices usually rise from the fall selling period of October-December into the winter and spring periods. Prices peak in March-May and decrease throughout the summer.

“Livestock markets are seasonal, but cull-cow markets are even more seasonal,” says Dennis. “Fall is the lowest price of the year because open cows are sold at auction. Plus, the quality of cull cows is often the worst at this point. Prices tend to rise after this

primary selling window.”

While Dennis says the seasonality is strong, some regional cull-cow price differences are possible this year, with relatively lower prices in areas harder hit by drought.

“About one-quarter of all cows are in the U.S. Mountain and Pacific regions, where the drought is the worst,” he says. “Prices there are likely to be much lower this fall.”

In addition, Dennis notes the cattle cycle is currently contracting. That implies more cows are coming to market than in a “normal” year. Prices are likely to be lower as producers respond.

Boyles says that reinforces profit potential must be evaluated every year before deciding to feed cull cows. For example, if utility cow prices are low with high grain prices, it is likely best to sell cull cows. Cost of gain is likely to be higher than what the market will pay at time of sale.

“Approximately half of the profit potential will be determined the day cull cows are started on feed and will be based on the purchase price, body condition and health of the cows,” he says. “If you purchase cull cows to feed them, a neutral buy/sell margin (purchase price = selling price) or a positive feeding margin (sell for more than was paid for them) is essential to show a profit.”

Dennis urges producers to evaluate the opportunity cost of feeding cull cows as part of the decision, as well.

“If producers have their own drylot, their direct costs are labor, feed and vet,” he says. “But you have to consider if you might make more money allocating time, effort and resources toward something else that will return a larger profit. That is the opportunity cost. Producers need to think about that before taking care of and feeding cull cows.”

The Management Decision

Producers have several management options when deciding whether to try to add value to cull cows prior to sale.

- 
Strategy 1
 Feed to increase quality grade and value per pound
- 
Strategy 2
 Feed for moderate weight gain to increase pounds sold
- 
Strategy 3
 Feed for minimum maintenance and hit seasonal spring price upswing
- 
Strategy 4
 Retain with bull for possibility of selling as bred cows

SOURCE: Kellie Raper, Oklahoma State University.



Editor’s note: Barb Baylor Anderson is a marketing communications consultant, specializing in writing, editing, public relations, media relations, audio/visual and economic analysis.