



Summer Video Sale Season

Let's recap some trends we saw this summer.

by Troy Marshall, American Angus Association

This summer's video sale season confirmed the optimism everyone had been talking about. Calves sold higher than they did at the last peak in 2014 and 2015, and most feel we are at the front end of what will be an extended period with historically high prices. Producers saw prices \$30-\$40 per hundredweight (cwt.) higher than they were a year ago. In some cases, the year-to-year variation was even more.

While historically high price levels were the overwhelming takeaway of the summer videos, there were other noticeable trends:

HEIFERS. Despite all classes being significantly higher, expansion has not started in earnest, and bred females trailed other offerings. Seasonally, bred females tend to increase in price as we get closer to calving, but replacement rates seem relatively steady at this point.

Despite improved moisture conditions across much of the country and improved hay stocks, producers have been inclined to put those heifers in the bank rather than keep them for replacements.

PROGRAM CATTLE continue to see

strong demand. The all-natural cattle enjoy the most consistent premium. Global Animal Partnership (GAP) premiums remain strong, but it is also a highly demand-driven market and tends to be a little seasonal as a result. When buyers looking for GAP cattle meet their needs, premiums tend to decline.

The non-hormone-treated cattle (NHTC) premium will look steady when compared in the aggregate, but it is highly dependent on genetics.

GENETICS. The AngusLinkSM program saw record numbers of cattle being offered as AngusVerifiedSM and with the Genetic Merit ScorecardSM, and at the same time saw historically high premiums for those cattle. Cattle with documented genetics for growth, feed efficiency and carcass merit are in high demand.

Black cattle continued to sell well, but prices reflect premiums being paid based more on breed preferences rather than hide color. Groups of 100% Angus-sired calves are selling at a significant premium in the marketplace. In fact, more now than ever.

It is no surprise feeders are looking for cattle that will grade, grow and earn premiums on the grid, and Angus remains the breed of choice to do that. The premium for Angus calves compared to Red Angus remains \$3-\$5 per cwt. Compared to other breeds, the premium has grown significantly. Charolais and SimAngus tend to be the two least discounted breeds, while

those most heavily discounted are dairy, Brahman, Hereford, and beef x dairy (BxD) crosses of unknown genetics.

OTHER FACTORS. Of course, health, load lot size, condition and freight continue to play a major role in price determination. Reputation cattle continue to sell at a premium, as well.

One of the sale reps commented to me that marketing feeder cattle is not rocket science: Breed them right, feed them right, keep them healthy, document them, qualify them for the most markets, and put them in front of the right buyers.

That is a pretty good formula, but it is easier on paper than it is in practice. As the saying goes, a chain is only as strong as its weakest link. The best genetics in the world can lose a lot of value by poor management and marketing. Conversely, cattle who have market access, good nutrition, proper management and health programs can find themselves selling at par or below if they have neglected genetics.

While we are likely to remain in a seller's market for the next several years, buyers have a definitive hierarchy or set of preferences. While we are seeing historically high price levels, we are also seeing historically high price spreads between cattle.

The two things we can say with certainty are:

- ▶ good genetics have never been worth more, and
- ▶ marketing has never been more important when it comes to capturing that value. **ABB**

ANGUS VERIFIED

90 Weaned Heifers
Base Wt: 530 lbs
Sold for \$296.00

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Editor's note: Troy Marshall is director of commercial industry relations for the American Angus Association.