

# Here's the Premium

*Angus-based feeder premiums strongest for steers.*

Story by  
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High-percentage Angus feeder steers and heifers continue to garner premiums vs. non-Angus contemporaries at auction, earning an average \$21 per head more. That's according to the spring 2007 Certified Angus Beef LLC (CAB) "Here's the Premium" study, which has tracked those breed premiums since 1999 at the same markets from the Appalachians to the Sierra Nevada range.

This spring, 702-pound (lb.) Angus-based steers earned an extra \$4.11 per hundredweight (cwt.), or \$28.85 per head. That was the third-highest per-head Angus steer premium in eight years, but the reported premium for the 698-lb. Angus heifers fell back to \$1.92 per cwt. (\$13.42 per head) more than non-Angus heifers.

After years of steadily widening premiums, the Angus advantage seemed to moderate. "It's not surprising that we saw

some compression of premiums this spring," says CAB Supply Development Director Mark McCully.

"The feeder calf market was very volatile, with prices remaining relatively high while there was a big question mark in the corn

market," he says. "With all the uncertainty, many buyers weren't willing to get too far away from the price set in the commodity marketplace."

Despite a smaller average bonus for Angus-based heifers in many areas, others saw continued near-record premiums. At a Missouri market, the average Angus premium for spring heifers for the life of the project is \$5.57 per cwt., compared to \$2.41 per cwt. for all states. "I see no sign of premiums narrowing for Angus-based heifers in our area," the manager says. "And many of those heifers are going into the feedlot."

He adds a common concern among reporting locations, however: "It's getting harder to find sufficient numbers of non-Angus calves for comparison," he says. "Many of our sales contain 90% or more black-hided cattle."

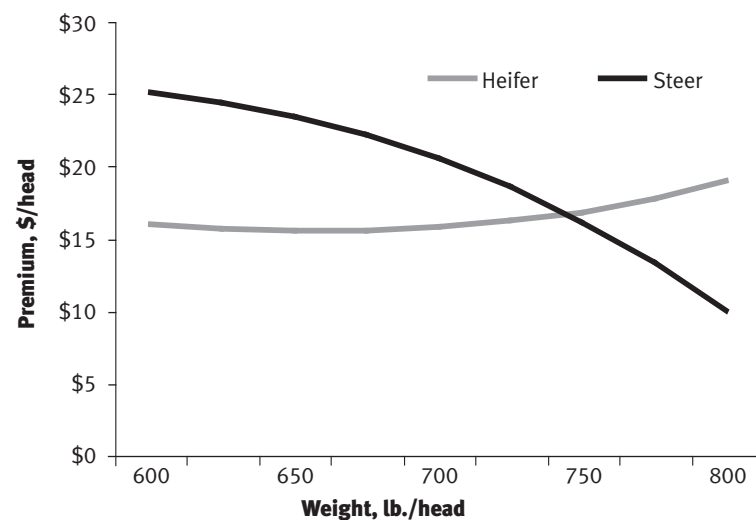
Kevin Dhuyvetter, Kansas State University economist and project analyst notes, "As always, the optimal lot size (124 head) was considerably larger than the average lot size (24 head)." Comments tabulated in the data confirm calves with apparent preconditioning shots brought an additional \$1.77 per cwt., while those noted with other positive remarks brought \$1.36 per cwt. more.

The CAB study focuses on the value of known Angus-based genetics with the assistance of auction market managers in California, Colorado, Kansas, Kentucky, Missouri, Montana, Nebraska, Oklahoma, South Dakota and Wyoming. Managers are asked to note breed type, sex, weight and price of known Angus vs. non-Angus steers and heifers. The spring 2007 data set included 661 lots of cattle totaling 15,825 head marketed through nine auction markets across the U.S. in late February, March and April.

Overall, the "Here's the Premium" comparative price study contains data collected since 1999 from 11,642 lots comprising 255,747 head of cattle. Throughout the course of the study, premiums for spring-marketed Angus-based feeder steers have averaged \$20.81 per head, while heifers have gathered an additional \$16.15 per head.

**Fig. 2: Angus premium vs. weight, steers vs. heifers, spring sales**

Based on nine years of spring data, the premium for Angus steers vs. non-Angus tends to peak at around 600 lb., while the premium for Angus heifers increases as they approach 800 lb.



**Fig. 1: Spring price difference between Angus and Other, 1999-2007**

Spring 2007 premiums paid for high-percentage Angus steers were the third largest in the CAB "Here's the Premium" study, while the reported heifer premium slipped after posting five consecutive annual spring records.

