

# Here's the Record Premium

*Fourteen years into CAB's comparative price study, the Angus advantage keeps growing.*

by **STEVE SUTHER,**  
*Certified Angus Beef LLC*

Record-high calf prices last year spelled good news for most ranchers, but there was an extra bonus for those who made Angus their breed of choice.

That came in the form of record-high premiums paid for Angus calves compared to non-Angus contemporaries. All producers enjoyed the market response to basic supply and demand, but some didn't know what they were missing.

The Certified Angus Beef LLC (CAB) "Here's the Premium" (HTP) data from nine cooperating auction markets in fall 2012 showed an all-time-high Angus premium (see Fig. 1). That was \$5.30 per hundredweight (cwt.) for the combination of 504-pound (lb.) heifers and 511-lb. steers.

On the steer side, it was \$6.20 per cwt., down 8.6% from the 2008 record, but 17% above the 2006 figure. Meanwhile, the heifers cruised to a 14-year high of \$4.40 per cwt. more than non-Angus (Fig. 2).

Those numbers came from prices reported on 12,328 calves in 660 lots that sold in October and November across the United States. The overall HTP database now contains prices on 300,050 cattle in 13,794 lots sold since 1999.

As always, market managers reported the winning bids on known Angus-based genetics from 450 lb. to 550 lb., noting breed type, sex, weight and price vs. non-Angus steers and heifers, keeping muscling, frame and other non-breed factors constant. They also report any known preconditioning, management or sale factors.

premiums of \$7.36 per cwt. compared to other lots, regardless of breed type.

Premiums for Angus calves have grown in a near linear trend since 1999. Dividing those 14 years into two equal periods (Fig. 3) shows a per-head Angus steer advantage growing from \$21.21 in the first seven reports to \$31.40 in the four reports representing the last seven years. Angus heifers moved up from \$15.05 to \$19.72 per head in those same averages.

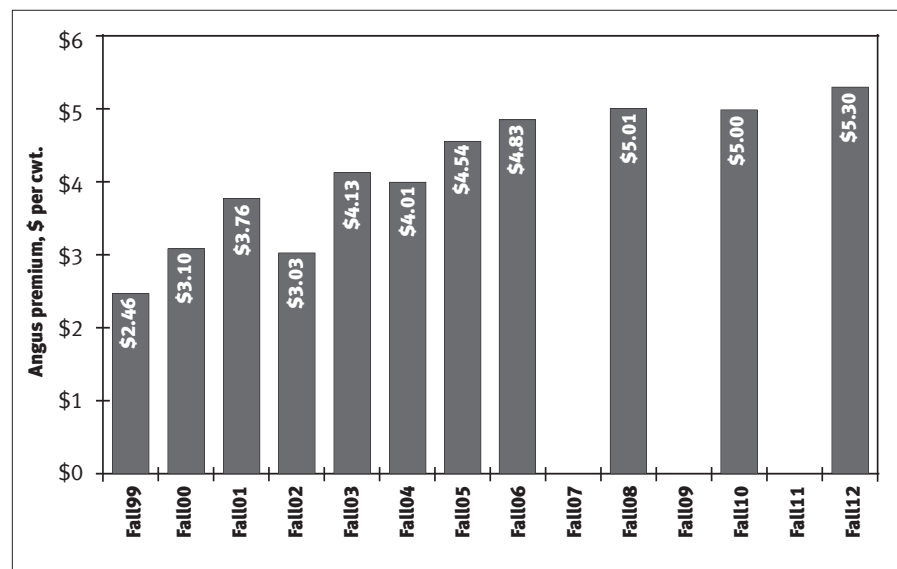
Farmers and ranchers with Angus cattle have realized the benefits from ever-better maternal traits and saw their calves' weaning weights increase over the years. If they followed their progress through the feedlot, they saw an uptrend in their ability to gain and grade.

**Farmers and ranchers with Angus cattle have realized the benefits from ever-better maternal traits and saw their calves' weaning weights increase over the years.**

Kansas State University agriculture economist Kevin Dhuyvetter, who has analyzed the data from the start, says lots identified as weaned or vaccinated earned

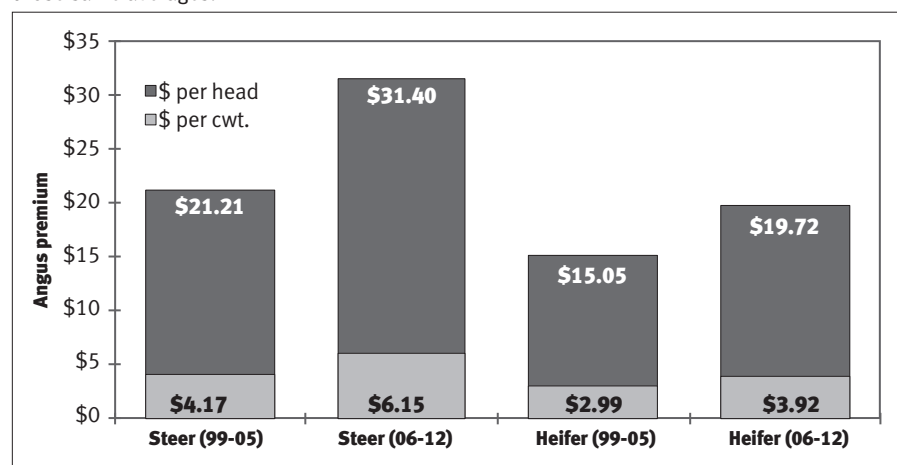
**Fig. 1: Price difference between Angus and other**

The Angus calf premium for Fall 2012 steers and heifers combined was a record \$5.30 per cwt.



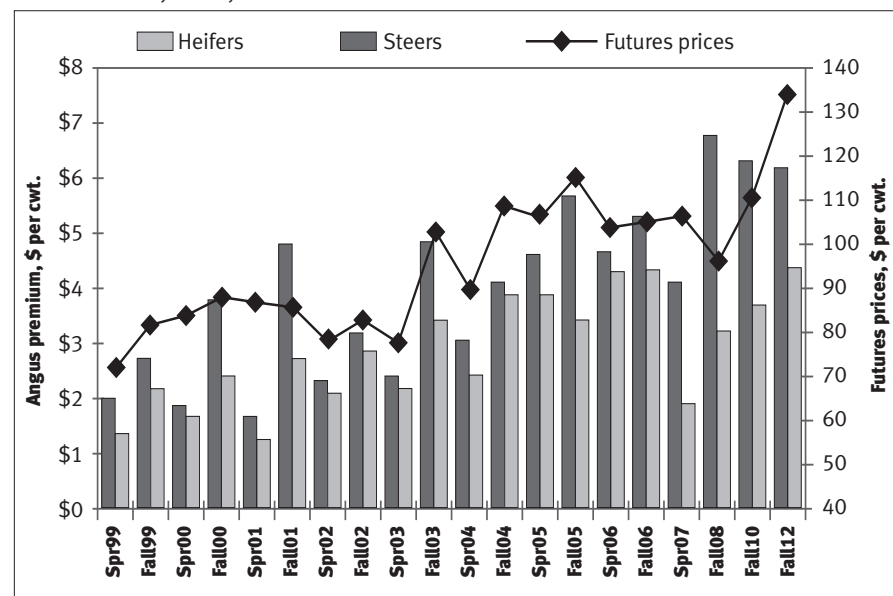
**Fig. 3: Price difference between Angus and other**

Dividing the 14 years from 1999 to 2012 into two equal periods shows a per-head Angus steer advantage growing from \$21.21 in the first seven reports to \$31.40 in the four reports representing the last seven years. Angus heifers moved up from \$15.05 to \$19.72 per head in those same averages.



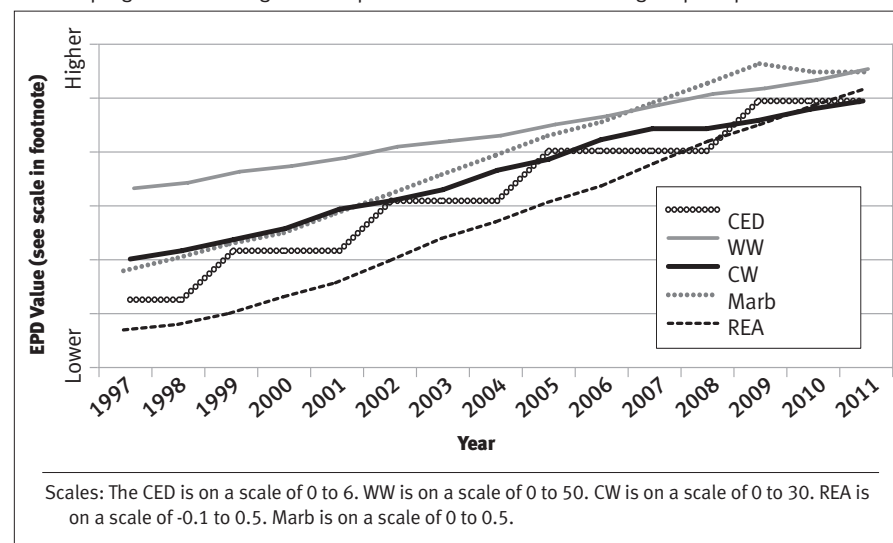
**Fig. 2: Price difference between Angus and other, Fall 1999-2012**

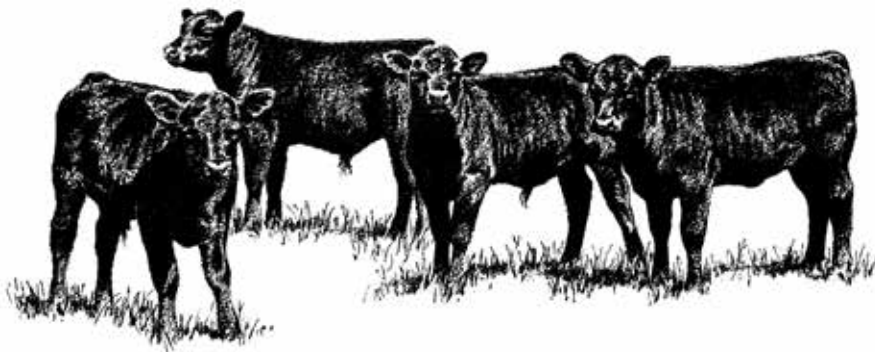
HTP data for 11 reporting periods tracking 500-lb. calves across 14 years reveals an overall upward trend for Angus steer and heifer premiums compared to calves of other breeds, with variations from year to year.



**Fig. 4: Angus genetic trend by birth year**

Genetic progress in the Angus breed provides some rationale for higher price premiums.





Those trends paralleled genetic trait history (see Fig. 4, line graph from American Angus Association data) as measured by Angus expected progeny differences (EPDs). Moreover, grid premiums are on the rise for cattle that hit high-quality targets such as the *Certified Angus Beef*® (CAB®) brand.

Meanwhile, data from Superior Livestock Auction video auctions since 2000 show combined steer and heifer Angus premiums have dominated values by breed type (see sidebar).

Angus heifer premiums have moved up for the past three HTP reports, while steer premiums have eased a bit.

“I’m not sure if that’s a replacement heifer phenomenon or simply that as prices in general have increased, the premiums associated with Angus genetics have increased in absolute terms,” Dhuyvetter says.

“It does stand to reason that if people start rebuilding herds, we would see a narrowing of the steer-to-heifer spread,” he adds “If Angus calves continue to bring premiums, then Angus heifers that might be going as replacements should be gaining in value to non-Angus heifers.”



**Editor’s Note:** Steve Suther is director of industry information at Certified Angus Beef LLC.

## Angus cattle show ‘Superior’ value

Data from 13 years of marketing 4.9 million cattle in 40,799 lots on the leading U.S. video auction shows a clear dominance of Angus genetics. Most of the calves sold on the video include data on breed type, which has always had an effect on sale price.

In the first two years, the lowest premium above Brahman crosses were English and English crosses.

Since 2002, the breed category with the smallest premium over those “cattle with ear” has been English-Continental crosses.

In 12 of 13 years, and including 2012, the breed category with the highest premium was “Primarily Angus.” The only year it did not show the highest premium was in 2011, when it was edged out by black and black-whiteface calves.

Data analyst Mike King began to break out and quantify those reported breed type variables in 2000.

King set strict guidelines to classify cattle, based on seller description, into one of five categories: mixed-English or English crosses, English-Continental crosses, primarily Angus, black or black whiteface, and cattle with ear.

Brangus calves would fall into the latter category. On the other hand, a pen of mostly black English calves with less than a 90% share of black individuals only qualified as English/English crosses. Lots of black or black-whiteface calves had to be at least 90% black-hided, and primarily Angus calves had to be described as at least 90% Angus by the seller.

The spread showed its narrowest range ever in 2012, but primarily Angus calves sold at a premium \$4.40 per cwt., which was 55¢ above the black and black-whiteface, and 51¢ above English and English-cross premium.

**Fig. 5: Effect of breed type on price**

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