



Your Link to

by **STEVE SUTHER**, director of industry information,
Certified Angus Beef LLC



Building the Angus advantage

Everything these days seems to have hidden fees. In “gotcha” capitalism, a hotel that’s supposed to be \$69.99 per night ends up at \$100 after taxes and surcharges.

You agree to a cell phone contract for \$49.99 with unlimited “free” minutes, yet somehow even that bill goes above \$100. Some airline tickets show a cost that is less than half of their fee-adjusted net price.

When you go for “discount” cattle, it’s the same thing. The hidden fees include more sickness, cost of gain, extra days on feed and lower quality grade. Ultimately, the cheaper cattle cost more.

On the other hand, people own Angus cattle because of advantages they can take to the bank. Those advantages continue to grow with focused management and genetic selection using the world’s most comprehensive data and tools.

But those advantages can be obscured by poor choices made in a rush of panic. What might have been value-added can become discounted cattle if the seller forgets about their health and the next owner’s well-being.

Whether cattle or cattlemen

Traditionally, Angus producers have been less likely than average to cut those corners. That’s the opinion of people who oversee steer futurities with participants across the United States. Whether it’s the cattlemen or the cattle, data show that the more Angus genetics in a calf, the less problem with sickness and the more chance of profit.

We can see that trend within the steer futurity records, within data from Certified Angus Beef LLC (CAB) feedlots and in the broader cattle feeding industry. A

series of special reports called “Black Ink Basics” (www.cabpartners.com/news/basics/index.php) show many of those details.

A new set of data (see Table 1) sheds light on the most basic advantages of Angus influence in the feedlot. A group of feedlots in the Central Plains recently took a closer look at more than a year’s worth of marketings, nearly 500,000 head, from April 2007 to August 2008.

Because of the market demand for the *Certified Angus Beef*® (CAB®) brand and a few other Angus brands that now command premiums, buyers are often called upon to fill orders for “blacks” that show significant Angus influence. In this case, 118,674 of the cattle, or one-quarter of the 2,566 lots, were bought, fed and marketed in an effort to beat the commodity alternatives.

Clear advantage

The blacks cost 57¢ more per hundredweight (cwt.) for feeders that weighed 841 pounds (lb.), compared to 831 lb. for commodity cattle. It would be fair to say most of these were not “fancy cattle,” the feedlot group reports.

With that said, 60.8% of them graded USDA Choice or Prime, and 16.8% qualified for the CAB brand, compared to 40.2% and 4.1%, respectively, of the commodity cattle. The commodity cattle contained a “sprinkling of blacks,” but also more than 6% Standard grade carcasses.

The pens of black cattle received only one growth implant upon arrival, while some of the others got another implant during their time on feed, which was three days longer than that for the blacks.

Despite the milder use of implants, cost of gain favored the black cattle

pens by 53¢ per cwt. That included the trade-offs, such as 0.09 lb. lower feed efficiency, offset by 0.06 lb. greater average daily gain (ADG).

In related data, cattle enrolled in the CAB Feedlot-Licensing Program (FLP)

were categorized by intensity of implant program. Averaged across seven years and hundreds of pens, the pens more aggressively implanted (using trenbolone acetate, or TBA) showed a \$2.44-per-cwt.-higher cost of gain.

The recent report on commodity vs. selected black feeders showed significant bottom-line advantages for the blacks.

Counting the brand premiums, which varied depending on the program, the black cattle had a \$36.14-per-head advantage over the base live-cattle price, compared to the commodity cattle.

Accounting for all other performance and carcass differences, and the \$2.69-per-cwt.-higher sale price, the blacks netted \$28.66 per head more than other cattle. Taken times 369,861

head, the commodity cattle came up about \$10.6 million short.

Framework of opportunity

Of course, there will always be commodity cattle, and there will always be averages. That’s the framework for your opportunity as an Angus producer.

With the greater uncertainty in the market and overall economic environment, nobody can blame you for taking what the market will pay at weaning, and taking that to the bank. Angus calves and feeders have a premium reputation, borne out repeatedly in auction market comparisons to non-Angus contemporaries, and in feedlot data noted above.

Regardless of how you sell your Angus cattle, think about ways to add just a little more value for everyone in the beef supply chain, from your reputation as a supplier all the way to the consumer of high-quality beef.

For examples of producers who have successfully aimed for the CAB target, visit www.aimhighwithCAB.info.



People own Angus cattle because of advantages they can take to the bank.

Table 1: Angus advantage in the feedlot

	Commodity cattle	Angus-based cattle ^a
Head	369,861	118,674
Lots	1,850	666
Placement wt.	831	841
In price ^c	104.42	104.99
DOF	157	154
Finish wt.	1320	1328
% death loss	0.96	0.95
DFI	20.50	21.19
F/G	6.54	6.63
ADG	3.16	3.22
COG	71.03	70.50
Breakeven	93.58	94.14
Final sales price ^b	94.16	96.87
P/L (per head)	7.60	36.26
HCW	851	855
Dress percent	64.46	64.01
% Prime & Choice	40.18	60.78
% CAB	4.09	16.84
% Standard	6.03	1.83
% YG1 & YG2	53.63	33.25
% YG4 & YG 5	6.46	12.88
% heavies	2.69	1.73
% darks	1.47	0.58
Premium (live per head)	2.21	38.35

^aVisual estimate 50%-100% Angus.

^bIncludes grid premiums/discounts.

^cSome blacks sorted from pooled purchases.

CAB STAFF CONTACTS

206 Riffel Rd., Wooster, OH 44691-8588; phone: 330-345-2333; fax: 330-345-0808
www.cabpartners.com

John Stika, president
Brent Eichar, senior vice president
Tracey Erickson, vice president, marketing
Mark Polzer, vice president, business development
Larry Corah, vice president, supply development

SUPPLY DEVELOPMENT DIVISION

Kansas staff:
CAB Program Satellite Office
1107 Hylton Heights Rd.,
Manhattan, KS 66502
phone: 785-539-0123;
fax: 785-539-2883

Larry Corah, vice president
Gary Fike, beef cattle specialist
Wendy Nichols, office and data manager
Miranda Reiman, industry information specialist

Nebraska staff:
Paul Dykstra, beef cattle specialist
782 5th St., PO Box 856; Chappell, NE 69129
308-874-2203

Ohio staff:
Mark McCully, supply development director
Christy Johnson, supply development marketing director
Lance Zimmerman, supply development marketing manager
Marilyn Conley, administrative assistant

INDUSTRY INFORMATION DIVISION
16360 Victory Rd., Onaga, KS 66521
phone: 785-889-4162

Steve Suther, director

To order CAB merchandise, visit
www.angussalebarn.com.