



Opportunities For the Taking

Health, pounds and consumer demand drive cattle business.

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What's in a cow today? Larry Corah asked 175 cattlemen that question at the annual Northwest Florida Beef Conference to consider the steep increase in carrying costs. The seasoned educator spoke on adding value to cattle, but pointed out spending often comes before making money.

"I've always been intrigued with what it costs to run a cow," Corah said. All across North America, the recent rise in costs is unprecedented if similar in magnitude.

"Sure, some places took 20 to 30 acres; others two or three, but land investment was almost always the same," he said, noting a typical range of \$3,500 to \$4,000 per cow per year.

Today, he says, that number has at least quadrupled to a range of \$14,000 to \$18,000 to own the land for that cow unit.

As the large mass of 2-year-old heifers added to the national herd in 2014 reach maturity, competition for space tightens. Cattle and grain market price declines could pause the run-up in cost, but, Corah said, "It isn't going to weaken a whole lot. That's an amazing investment per cow to try to invest in this industry."

Ways to offset

Pair that with the "tremendous volatility" of today's cattle market and anyone would wonder about the future. However, Corah, longtime Extension beef specialist in Kansas and recently retired vice president at Certified Angus Beef LLC, said there are still dollars to



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earn. Cattle health, weight and consumer demand drive profits.

"In terms of the value of the calves that leave your ranch, these are the big ones as cattle move through the pipeline," he said.

Health, Corah said, has taken on a new relevance as the overall cost of an animal increased. Encountering sickness coming into the feedyard or death during the stay is felt more keenly than in years past.

"We're still a pounds game," he said of the next factor. "In this industry we sell pounds and cattle have got to have the ability to grow. That's a key driver, so don't lose sight of that."

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Price spreads

"The consumer is the

one determining the value of your cull cows and the price you get for your calves," he said. "We have to produce a product that the consuming public desires and wants, but the great news is they'll pay you for it."

Prime beef is becoming a more feasible target, Corah said, available in national retail and foodservice chains and creating "an economic opportunity available for the industry's taking."

The Choice premium in February was



about \$12 per head over Select at most plants, but \$45 more for premium Choice or another \$150 per head for Prime. That's driven by even wider differentials in price for beef product loaded onto the refrigerated trucks.

"Folks, that's a lot of price spread based just on the quality grade of those cattle," Corah said. "The consumer is telling us what they want, and they're creating price opportunities that will funnel back to the feedyards, to the stocker operators, to you as the cow-calf men."

On an even more positive note, Corah closed with a snapshot of progress made in recent years.

"Compliments to what you're getting done," he said. "Albeit a subtle one at times, you've really changed cattle over the last 20 years. Cattle are very different today, and you're making even more tremendous progress."

Increased functionality shows in the move from 30% heifer calving difficulty in northern states to less than 5% today. Fitting market demand shows in the greater number of Angus-based cattle from across the United States that are able to hit heavier weights profitably.

In 1990, the share of predominantly black cattle coming out of U.S. feedyards was 30%. Excluding Holsteins, in 2016 the number falls between 75% and 77% black-hided.

Confident in the opportunities available through the Angus breed, Corah said continuing research and selection for local adaptability will show the way to a brighter future.

"We have some things to learn. You guys know that. You live it every day, but there are genetic components that can be looked at," he said.



Editor's Note: *Laura Conaway is a producer communications specialist for CAB.*

