



Cow Camp Chatter

by **RON TORELL**, long-standing educator and advocate of agriculture

Calculating the value of a cow.

\$800 calves, \$1,100 yearlings, \$1,000 market-ready (cull) cows, \$2,000 aged bulls. Pair these exceptional prices with the smallest U.S. brood cow factory since the 1950s and many of us are considering expanding our cow herds.

The unrestrained production costs that accompany today's excellent market, along with the price of retaining and developing replacement heifers, and the difficulties of finding and purchasing quality bred cows at an affordable price, are all major concerns. When buying cows, don't let the current optimistic market set the purchase price for your investment or you may get caught up in the buy-high, sell-low trap. Consider all the long-term variables that contribute to what you can afford to pay for a cow.

Consider everything

First and foremost when determining the value of a cow, compare her gross lifetime income potential against her accumulated expenses. Gross revenue for the brood cow is established by present and future calf values combined with cow salvage or market-ready (cull) value. Disposal value is a one-time income as

opposed to calf sales, which are yearly. Accurately estimating the salvage value of a cow along with accumulated calf sales eight to 10 years out is difficult but necessary. It is important to include both in the up-front purchase price of a brood cow. Following this strategy will naturally place more value on a young cow purchase vs. that of an older cow.

In estimating the accumulated expenses of a cow, include opportunity costs on the value of land, equipment and cattle. Take into account labor, depreciation, taxes, overhead and incidental costs such as extras for day help. Don't underestimate these expenses. Total annual cow costs vary extensively from ranch to ranch. With winter feed being the leading cost associated with most cow-calf operations, make sure and value hay as a purchase on the open market rather than simply an out-of-pocket production and harvest cost. Knowing winter feed costs allows producers to evaluate a fall purchase of bred cows vs. a spring purchase of pairs.

When considering the numerous long-term variables that influence the value of a cow, keep in mind the cow that

genetically fits your ranch and management protocol is obviously worth more to you than to someone with completely different resources. As an example, frame size and milking ability largely dictate the nutritional requirements of a cow. Buy the cow that matches your ranch's resources.

Another important variable to consider is the body condition of the cow at the time of purchase. A moderately fleshed cow vs. a thin cow is worth more than just the added weight, provided the added weight is not there because she is a poor producer, bad mother or performs inadequately reproductively. Fat reserves play a huge role in the future productivity of a cow with increased weaning percent and weight, faster return conception, boosted immune response to vaccines, and the ability to handle stress better.

When purchasing brood cows, cattlemen often overlook the biosecurity issues associated with introducing reproductive and/or viral diseases to their existing herd. It is crucial to buy from reputable sources where the vaccination, management and health history of the cattle is well-known. Purchasing a neighbor's cattle that are already acclimated to the area and require no sales commission or transportation costs

may fit this profile. Caution is warranted when transporting purchased cattle across state lines. All rules and regulations must be adhered to in order to avoid any unwelcome surprises such as brucellosis vaccination requirement differences between states.

Free resource

Cow Cost, a computer program developed by the University of Nevada-Reno, is available free of charge as a download by going to the Nevada Cattlemen's Association website, www.nevadacattlemen.org/CMDocs/NevadaCattlemen/CowCost.zip. This program is designed to determine the value of a cow based on many of the criteria discussed in this article. This "what if" program is designed to be used as a decision-making tool to help determine what you could afford to pay for a cow. Future market predictions, weaning weights, weaning percent, annual cow cost, salvage value and age of cow can be estimated to give a best- and worst-case scenario. Not included in the Cow Cost program calculations, but still imperative to consider, are past cattle-handling practices, dispositions and adherence to beef quality assurance management guidelines, as well as other variables not discussed.

That's enough for this month. A special thanks to my wife, Jackie, for her part in writing "Cow Camp Chatter." As always, if you would like to discuss this article or simply want to talk cows, do not hesitate to contact me at 775-385-7665 or rtbulls@frontier.com.

