

Forum: Quality Always Pays

Story by
MIRANDA REIMAN

The bottom line was the main line of discussion at the 2010 Feeding Quality Forum. The fifth annual meeting — hosted Nov. 9 in Grand Island, Neb., and Nov. 11 in Amarillo, Texas — focused on ways to increase profit by feeding high-quality cattle.

Dan Basse, AgResource Co., outlined the competing demands for grain and meat. An array of factors, from growth in China and India to disappointing grain yields around the world and the record-high price of sugar in Brazil, have pushed grain prices higher.

“Normally, when the grain markets rise, we get liquidation. I’m not sure the market can allow that this year. I’m not sure the beef market can allow you to send your cattle to market at lighter weights, which would be a common response to \$6 corn,” he said. “I’m quite bullish on the outlook for cattle in 2011.”

Specifically, AgResource predicts record-high cattle prices of \$108-\$112 per hundredweight (cwt.), going into 2011.

That bodes especially well for feeders already focused on the quality of cattle in their yards.

Tom Brink, J&F Oklahoma Holdings



Inc., said, “The topic of quality cattle is always relevant, because the commodity cattle business simply does not pay well.”

The JBS USA company is the risk-management sister company to Five

Rivers Cattle Feeding. Brink shared July to October records from the 13 feedyards, comparing the top 10% premium-earning pens to the remaining 90%. They had higher live weights, hot carcass weights, dressing percentages and marbling.

“If we were to assume the others sold at the average of the live market, those top 10% brought \$48 per head more, so tremendous value there,” Brink said. “About 20% of the money we’ll make this year is from the value-added side.”

Five Rivers sells a large portion of its cattle on a grid, which is the easiest way to get paid for quality, but Tim Schiefelbein told the audience it isn’t the only way.

Cattlemen, feeder and contract buyer for American Foods Group, Schiefelbein said higher-quality cattle will “grade with less feed. When corn gets to \$6 per bushel, do you think it’s important to have some marbling? We want to get the cattle in and out and we want them to grade.”

That will benefit live and grid sellers alike, because cattle with the genetics to marble early need fewer days on feed. Over all, high-quality cattle attract more buyers to view the show list, which helps get cattle sold when the manager wants.

“If you have the genetics to get them out early, you get more money,” Schiefelbein said.

Although it’s not easy to put a hard number on, veterinarian Tom Noffsinger says profit is highly correlated with animal care.

Near his Benkelman, Neb., practice, he sees two similar feedlots, with identical feedstuffs and comparable cattle, reaching drastically different results.

“When we got the closeouts back, there were big differences in the amount of cattle having to be treated, big differences in the amount of cattle that went to heaven and big differences in the cost of gain,” he said. “The only dissimilarities in systems were the people taking care of the cattle.”

Stress greatly affects immune system function, he said, and sickness hurts all the profit drivers.

Animal care, producing high quality and managing risk will only matter if there is an ultimate market for beef. Kevin Murphy, Food-Chain Communications, told attendees he’s an “alarmist” who

wants to awake them to the threat agriculture is facing.

“Activists and others are moving toward denouncing food and what goes on in agriculture through the prism of morality, religion and ethics,” Murphy said.

“Agriculture is completely ill-equipped; people are unprepared for anybody to ask them a question on their ethics. They’re very much geared toward responding on science and economics, which is the way we always respond to everything.”

More than 150 feeders and allied industry professionals gathered at the events, which honored Paul Engler during a luncheon presentation. Engler, who founded Cactus Feeders and several cattle ranches, received the 2010 Industry Achievement Award. He addressed the group on the challenges ahead in Amarillo, and shared comments by video at both venues.

Feeding Quality Forum is sponsored by Pfizer Animal Health, Certified Angus Beef LLC (CAB), *Feedlot* magazine and Land O’ Lakes Purina Feed LLC. In the following section, we provide coverage of the individual speakers’ presentations. More information and proceedings are available at www.cabpartners.com/events/past_events/index.php.

