

Here's the Premium



Angus-based heifer calves set new premium mark.

by
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The softening of the feeder-calf market late last fall didn't faze

high-percentage Angus steer and heifer values. Buyers paid a record \$4.36-per-hundredweight (cwt.) premium — \$21.93 per head more — for predominantly Angus heifers,

compared to heifers of other breeds.

Data reported in the Certified Angus Beef LLC (CAB) "Here's the Premium" (HTP) long-term comparative price study show high-percentage Angus steers weighing an average of 504 pounds (lb.) still earned a \$5.30-per-cwt. premium over non-Angus contemporaries. That was just 38¢ short of the record premium for Angus steers set a year earlier.

This past fall's study included 687 lots of cattle representing 12,161 head, averaging a little more than \$114 per cwt. Overall, the HTP study has comparative data gathered over eight years on 10,850 lots and 236,899 head of cattle. Historically, the Angus-based steer calves marketed in the fall have gathered an average \$23.22-per-head premium, while their heifer counterparts have earned an additional \$17.10 per head, compared to non-Angus heifers. However, the average figure has trended higher during those years.

Managers from 10 auction markets coast to coast have helped track the value of known Angus-based genetics in the HTP study. The fall study compares 450- to 550-lb. calves, while 750-lb. cattle are tracked in the spring study. Reporters note breed type, sex, weight and price of known Angus 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.

In another growing price trend, cattle are regularly discounted if sold directly off the cow and "unvaccinated." On Nov. 17, 2006, the Kansas reporter verified the "calf market is lower, especially if calves are unweaned and without shots."

Comments such as "shots," "fancy," "reputation cattle" and "(ranch name) genetics" positively affected calf value, whereas lots marked as "fleshy" were substantially discounted at auctions across the board.

Adding value with AngusSource®

Finding ways to add more value to feeder calves — whether through the use of proven sire genetics or stepped-up weaning and health protocols — will become even more important as the cattle cycle changes and feeder-calf prices slide downward. Angus seedstock producer Ty Byrd of Byrd Cattle Co., Red Bluff, Calif., says many more commercial producers will be looking for ways to add value to their calves.

"Here, fairly shortly, people are going to see that things have changed, and we need to find a way to add more value to our cattle to differentiate them from everyone else's," he says. AngusSource "is certainly a great program from that standpoint."

AngusSource is the leading age- and source-verification program that differentiates Angus-sired calves. Begun in 2003, it has since grown into a U.S. Department of Agriculture (USDA) Process Verified Program (PVP) that documents and verifies at least 50% Angus-sired genetics, source and group age of enrolled cattle. To be eligible, cattle must be sired by a registered Angus bull, enrolled by the ranch of origin; and have a documented month, day and year of birth for the oldest calf in the group.

The added marketing opportunities include eligibility for the *Certified Angus Beef*® (CAB®) brand, independent of hide color. Last summer the CAB Board of Directors voted unanimously to approve genotype eligibility of AngusSource program cattle for CAB. The cattle must still meet all carcass specifications, including a USDA quality grade of average Choice or better, to qualify for the brand.

To learn more about AngusSource, visit www.angusource.com. For CAB information, see www.cabpartners.com.

Fig. 1: Price difference between Angus and other

The fall 2006 analysis revealed that Angus steer calves earned the second-highest per-hundredweight (cwt.) premium tracked thus far in the "Here's the Premium" study. They brought a \$5.30-per-cwt. (or \$26.76 per head) premium vs. contemporaries of other breeds. Angus heifers recorded the highest per-cwt. premium on record for all eight spring and fall reporting sessions. They earned \$4.36 per cwt., which equates to a \$21.93-per-head premium vs. females of other breed types.

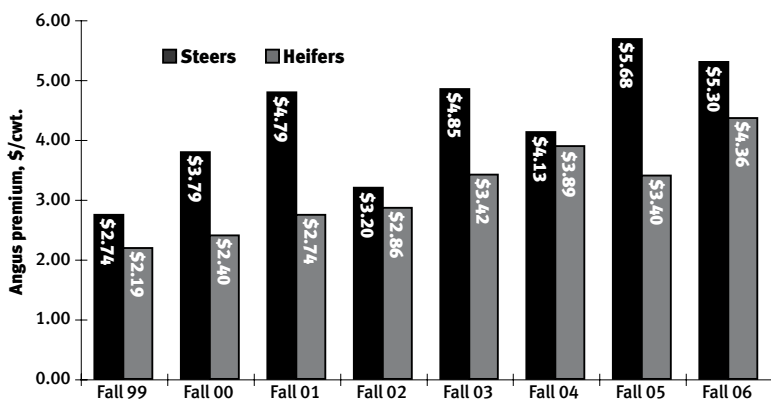


Fig. 2: Angus premiums earned, fall and spring

Eight years of "Here's the Premium" data include 10,850 lots and 236,899 head of cattle. When compared to "other" feeder cattle, Angus steer calves marketed in the fall have received a premium of \$22.88 per head; and heifers, \$16.89 per head. The spring reporting session reveals a \$19.70-per-head advantage for Angus steers and a \$16.93-per-head premium for Angus heifers. The fall session tracks 450- to 550-lb. feeder calves, while 650- to 750-lb. calves are tracked in the spring.

