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### **Headline: Adding Value to the Calf Crop**

WARSAW, Mo. – With record high prices across all classes of beef cattle, this headline might seem rather stupid. Why would anyone forego a large paycheck for a weaned calf that has not been pre-conditioned, and thus had no added expense to its production cost, and risk some unknown enterprise? Simply take the money and run.

On the surface, this is a strange question to ask in this economic environment. However, I'm reminded of the quote I've heard from many economists, "The cure for high prices is high prices." Granted, producers need to enjoy the profits from the current situation, but we all need to realize things won't be this good forever. So how can producers use the current economic times to position themselves for leaner economic times in the future?

Producers that are used to marketing their calves at weaning have a golden opportunity to explore new marketing strategies without putting their beef operations at risk. Necessary financial commitments can potentially be met by selling fewer calves. This may leave a few head of "surplus calves" that could be marketed in some other manner.

Backgrounding for a few months after weaning is one option. Calculate the value of added gain and determine if feed, equipment, facility and labor costs can be recovered while still making a profit. To calculate the value of the added gain, estimate the sale price of calves and subtract the current value of those calves. Divide this number by the pounds of added gain to calculate the value of added gain on a per pound basis. Currently, the value of 200 pounds of added gain on a 550 pound steer calf is about \$170 or \$0.85 per pound of gain. This is certain to change, so calculate cost of gain closer to the time you plan on selling calves to see how the economics look.

Producers choosing to background calves need to pay close attention to health programs. Vaccination protocols may need to be changed if backgrounding is a new enterprise.

Feed cost is the primary expense when backgrounding calves. It is important to balance rations for the desired rate of gain using the most economically priced feed ingredients. Example rations using current feed prices show feed costs between \$0.52 and \$0.63 per pound of gain for steer calves fed to gain 1.50 pounds per day. Steer calves fed and managed to gain 2.0 pounds per day have feed costs between \$0.45 and \$0.51 per pound of gain, depending on the feed ingredients used to build the rations. Therefore, it is important to plan ahead to determine target sale weight and desired time of marketing so effective feeding programs can be developed. Nutrient analysis of feedstuffs is critical to this process.

Producers might also consider retaining ownership of some of these “surplus” calves through the feedlot. MU Extension has a spring-born calf feedout program. A small number of calves can be entered into this program so producers can begin to learn how their calves perform in the feedlot and on the rail. This may highlight management or genetic changes that need to be made to enhance the quality of calves produced in future years. This may position producers to take advantage of retained ownership of a larger portion of their calves in future years when weaned calf prices aren’t so high.

Selling high quality replacement heifers might be an option for some producers. The Show-Me-Select replacement heifer development program has been in place for many years. There are management practices and vaccinations required at weaning, so plan ahead for those if this program is of interest.

These are good economic times in the beef industry, but it might be wise to explore some alternatives for when things aren’t so good. If you have questions on any of these options, please contact me by e-mail at [schmitze@missouri.edu](mailto:schmitze@missouri.edu) or at the Benton County Extension Center in Warsaw at (660) 438-5012.

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