

Thoughts on Calf Revenue

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The air is now crisp in the morning, and it won't be long before we see the glimmer of ice crystals in the water tank. Many producers are weaning and will be marketing calves in the coming weeks and months. Margins in the cattle industry and agriculture in general are often unfortunately narrow and this year is no exception.

Maximizing calf revenue is important for cow/calf producers every year but is even more important in years where the probability of loss is greater than profit. Calf revenue from my academic perspective is driven by three factors, 1.) the number of calves sold, 2.) sale weight of calves, and 3.) price received. Cow/calf producers to some extent have control over the number of calves sold and sale weight. The number of calves sold is essentially a function of stocking rate, cow fertility, and/or reproduction on an operation. The sale weight of calves is more complex, but is a multi-factorial combination of genetics, calving distribution, calf age, nutrition, management, and technology use (implants). Price received is likely the most influential of the three factors that drive calf revenue and is the factor that cow/calf producers often believe they have the least ability to control.

Once a set of calves enters the sale ring or appears on the video screen, their value is determined by what two prospective buyers are willing to pay. Although it is impossible for producers to directly influence what buyers are willing to pay, I would argue that they are not completely helpless. Cow/calf producers directly control what they will sell (weaned calves, value-added calves, or feeders) and determine when they will sell. These are difficult and complex decisions, which shouldn't necessarily be made based upon weekly cattle sale reports, or the thoughts of your favorite livestock market commentator. I am not saying that keeping informed about current market conditions is not important. However, that information, when used with resources like Beef Basis (www.beefbasis.com) that use data to evaluate different market scenarios from selling 6 weight calves the first week of December to seven weights in February, helps producers make the best decision for their operations.

Producers also control what information or data they pass along to the new owner. We all know that data has value in today's world. I like to compare marketing calves to selling a beautifully restored pickup. If you were selling a pickup, you would share with a prospective buyer every bit of information you had and the details of the process, from the atmospheric conditions when the truck was painted to the actual sales invoice from 1972.

Why should selling a set of calves be any different? Value-added programs and certified sales provide potential buyers with some degree of assurance that your cattle were managed within the guidelines of the program. If you do not participate in a defined program, providing the auctioneer or sales representative with as much information as possible about your cattle only helps them do their job better which is to get the best price for your cattle.

For more information, please contact the local K-State Research and Extension Office.

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