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# What Feeders Want

Nov 1, 2009 12:00 PM, By Burt Rutherford, Senior Editor

A favorite topic of discussion anytime ranchers get together is the kind of feeder cattle feedyards prefer. One of the country's largest feeders has some definite ideas.

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A long standing joke by cattle feeders when asked what kind of cattle they like to feed is to respond, □the kind that can walk up to the feedbunk.□

In the days of yore, when everything was sold on averages in the cash market, that answer wasn't really a joke. With a few exceptions, it was pretty much standard operating procedure.

That was then; this is now. And now, with about half the fed cattle sold on a grid, a formula, through an alliance or some other form of marketing channel designed to more accurately reward value, cattle feeders are a little more aware of the role that genetics play in downstream profitability.

Mind you, they'll still feed about anything that can walk off the truck and find its way to the feedbunk. But, as Tom Brink says, extracting value out of those kinds of cattle is much more challenging than it used to be.

Brink is the senior vice president and chief risk officer of Five Rivers Cattle Feeding, the world's largest cattle-feeding enterprise with a combined feeding capacity of more than 839,000 head of cattle. Brink says his outfit has a simple formula to guide its cattle-buying decisions. It's based on looking at lots of data from lots of cattle and mining it to see what kind work best in all regions and all situations.

## Regional differences

□We sell about 1.5 million cattle a year on a grid, and we've done it for quite a few years. So we have the ability and the luxury to go into the data and find out what's working for us,□ he says. And what the data show are some strong regional differences in cattle performance in a packing plant.

Southern packing plants □ those in the Texas Panhandle and Southwest Kansas □ are starved for grade, Brink says. These plants typically see Choice cattle making up somewhere around 40% of their harvest.

"So grade, while not the only factor, is really the dominant factor that will drive a grid premium in a Texas or Kansas packing plant," he says. "Any cattle you sell into that environment that grade well are going to do very well because they're compared with the plant averages."

In contrast, it's a little different as you head north, he says.

"Northern plants will run a higher percent Choice all the time. They'll run from the mid 50s to 60%, sometimes into the mid 60s," Brink says. But the cattle harvested in northern plants produce higher yield grades (YG). "I've seen many weeks in these northern plants where YG 4s and 5s will run 10%, 15%, sometimes 20%."

Grade still matters when selling cattle on grids in northern plants, he says. But cattle that can produce carcasses with adequate quality grade and score at YG 2 or better will perform well on the grid.

## Cattle that work

Are there such cattle that can beat the grade curve in the South and produce YG 2 or better carcasses for the North? Based on Five Rivers' analysis, Brink says this is the formula it uses when sourcing cattle: "The animal that works best for us is an animal that is typically 50-75% Angus and 25-50% Continental. That gives you an animal that does a lot of things right and is easy to manage, too. They'll typically get big enough but not too big, they won't get too fat, they can stand a little variation in days on feed and they'll give us a carcass that works."

Brink says the formula even addresses cattle from the South and Southeast, where more temperate climates call for a cowherd with some ear.

"My rule of thumb on ear influence is whatever percent of ear you have in feeder cattle, you need twice that much Angus and an equal amount of Continental," he says. So, if you have an F1 Brahma cowherd, you can produce calves that meet their criteria.

## Does one size fit all?

Last year, in the face of stratospheric hay prices and corn that hit $7/bu., there was talk about the need for smaller cows. But from a feeder's perspective, a lighter-weight steer that produces a 700- to 800-lb. carcass isn't as efficient, Brink says.

He again went to the data and compared the performance of steers that produced carcasses between 700 and 800 lbs. and those that hung carcasses of 850 lbs. or more. Both sets of cattle went on feed at about the same in-weight. The lighter-weight steers had a 784-lb. average carcass weight; the heavier steers averaged 866 lbs. Average finish weight for the lighter cattle was 1,225 lbs., while the heavier steers finished at 1,353 lbs.

While the heavier steers ate more feed, they gained at 3.3 lbs./day while the lightweights gained at 2.93 lbs. The heavyweights had a feed-to-gain conversion of 6.20:1 vs. 6.63:1 for the lightweights. Most importantly, the breakeven on the heavyweights was $3.50/cwt. less than the breakeven on the lightweights.

"The point here is those cattle grew bigger because they just had more performance in them," Brink says. "They grew both faster and more efficiently."

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