

Management and Marketing Options in the face of the COVID-19 Pandemic

Marketing and Management Questions

- Fall Calving Herds
- Spring Calving Herds
- Herds with both Fall and Spring Calving herds
 - Or considering it

Best Management Practices

- In abnormal times you have to consider doing things abnormally

But

- In tough economic times all of the best management practices become even more important

Producers must stay informed and agile

- Marketing prices for cull cows and feeder calves have fluctuated wildly with the COVID 19 pandemic
- Demand for cull cows vs ability to slaughter
- Feeder calf value
 - Grass fever
 - Grass cattle vs feedlot cattle

What are the things to think about?

- Limit input costs but not those that:
 - increase number of live calves
 - increase calf weight gain
- Make sure you are in position to maximize forage usage.
 - Correct stocking density
 - Good hay production
 - Quantity and quality
- Depending on economic factors by-product feeds may have highly variable availability and price

Current marketing challenges

- Huge swings in cull cow prices
 - Up and down
- Moderate to significant variation in feeder calf prices
 - Mostly down

Cull Cow marketing

- Producers need to work hard to stay informed about demand for slaughter cows
- Cull cow market has swung from huge demand and very good prices to no demand

Fall calving herds Decision making

- Calf weaning time coming up
 - Selecting and marketing cull cows
 - Selecting replacement heifer
- Should I keep some of my “cull cows” instead of heifers?
- Should I keep more heifers if prices are down?
- Should I do both?
- What about retained ownership?

Market Price Ranges

700# backgrounded heifers

<u>Price/lb</u>	<u>Total Dollars</u>
\$ 0.90	\$ 630.00
\$ 0.95	\$ 665.00
\$ 1.00	\$ 700.00
\$ 1.05	\$ 735.00
\$ 1.10	\$ 770.00
\$ 1.15	\$ 805.00
\$ 1.20	\$ 840.00

1200# Cull cow values

<u>Price/lb</u>	<u>Total Dollars</u>
\$ 0.35	\$ 420.00
\$ 0.40	\$ 480.00
\$ 0.45	\$ 540.00
\$ 0.50	\$ 600.00
\$ 0.55	\$ 660.00
\$ 0.60	\$ 720.00
\$ 0.65	\$ 780.00
\$ 0.70	\$ 840.00

Cull Cow Price – feeder heifer price

		Cull Cow Price							
		\$ 0.35	\$ 0.40	\$ 0.45	\$ 0.50	\$ 0.55	\$ 0.60	\$ 0.65	\$ 0.70
Heifer Price	\$ 0.90	\$(210.00)	\$(150.00)	\$(90.00)	\$ 30.00	\$ 30.00	\$ 90.00	\$ 150.00	\$ 210.00
	\$ 0.95	\$(245.00)	\$(185.00)	\$(125.00)	\$ 55.00	\$ (5.00)	\$ 55.00	\$ 115.00	\$ 175.00
	\$ 1.00	\$(280.00)	\$(220.00)	\$(160.00)	\$ 80.00	\$ (40.00)	\$ 20.00	\$ 80.00	\$ 140.00
	\$ 1.05	\$(315.00)	\$(255.00)	\$(195.00)	\$ 105.00	\$ (75.00)	\$ (15.00)	\$ 45.00	\$ 105.00
	\$ 1.10	\$(350.00)	\$(290.00)	\$(230.00)	\$ 130.00	\$ (110.00)	\$ (50.00)	\$ 10.00	\$ 70.00
	\$ 1.15	\$(385.00)	\$(325.00)	\$(265.00)	\$ 155.00	\$ (145.00)	\$ (85.00)	\$ (25.00)	\$ 35.00
	\$ 1.20	\$(420.00)	\$(360.00)	\$(300.00)	\$ 180.00	\$ (180.00)	\$ (120.00)	\$ (60.00)	\$ -

Selling cull cows vs retaining backgrounded heifers

- Under “typical” prices it costs a producer \$240 in opportunity cost to keep a replacement heifer to replace a cull cow
- Under most potential prices for cull cows and backgrounded heifer producers would be better off to sell cull cows
- There are some cull cows that need to go
- There are some young open cows and 50/50 culls that need to be evaluated depending on market conditions

Cull Cow Price – unweaned heifer calf sale price

		Cull Cow Price							
		\$ 0.35	\$ 0.40	\$ 0.45	\$ 0.50	\$ 0.55	\$ 0.60	\$ 0.65	\$ 0.70
Heifer Price	\$ 1.00	\$ (80.00)	\$ (20.00)	\$ 40.00	\$ 100.00	\$ 160.00	\$ 220.00	\$ 280.00	\$ 340.00
	\$ 1.05	\$ (105.00)	\$ (45.00)	\$ 15.00	\$ 75.00	\$ 135.00	\$ 195.00	\$ 255.00	\$ 315.00
	\$ 1.10	\$ (130.00)	\$ (70.00)	\$ (10.00)	\$ 50.00	\$ 110.00	\$ 170.00	\$ 230.00	\$ 290.00
	\$ 1.15	\$ (155.00)	\$ (95.00)	\$ (35.00)	\$ 25.00	\$ 85.00	\$ 145.00	\$ 205.00	\$ 265.00
	\$ 1.20	\$ (180.00)	\$ (120.00)	\$ (60.00)	\$ -	\$ 60.00	\$ 120.00	\$ 180.00	\$ 240.00
	\$ 1.25	\$ (205.00)	\$ (145.00)	\$ (85.00)	\$ (25.00)	\$ 35.00	\$ 95.00	\$ 155.00	\$ 215.00
	\$ 1.30	\$ (230.00)	\$ (170.00)	\$ (110.00)	\$ (50.00)	\$ 10.00	\$ 70.00	\$ 130.00	\$ 190.00

If selling unweaned heifer calves to the market then under most market conditions cull cows will sell for more

What did we learn from 2014-2015 price fluctuations?

- 2014 calf prices lead everyone to keep any cow that got pregnant no matter how old, thin or crappy she was
- Fall 2015 not only were calf prices down but weaning weights were down as well.
 - Lost some of those cows as in the winter of 2014-15 as well
- Some cull cows are cull cows for a reason and should be culled in almost any economic situation

What about the strategy of keeping lots of “cheap” heifers as replacements

Pros

- Opportunity to decrease age of cow herd
- Opportunity to market more heifers in future when market is higher

Cons

- Increased cost to raise heifers
- Increased need for heifer bulls
- Increased need to watch heifers calving

Spring calving herds Decision making

- Consider keeping young cows that have lost calves if cull prices are low

Or

- Sell all cows that have lost calves if cull prices are high

Spring calving herds Decision making

- Cows that have lost calves
- Why did the cow lose her calf?
 - Her fault
 - Poor udder
 - Very thin
 - Not her fault
 - Dystocia
 - Scours?
 - Bad luck

Herds with Fall and Spring calving herds

- Consider breeding open, young fall cows in the spring

Take Home Points

- At some point you have to make the best decision you can and go with it.
- Not making a decision is making a decision
- Doing the same thing you have always done may or may not be the right decision
- Do everything you can to stay informed and be prepared to act when appropriate

Next Session

- Stocker calves
 - Marketing and Management decision making
- Backgrounding fall calves
 - Marketing and management decision making