

IMPACT



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Profit Potential Exists for Feeding Heifers

The Situation

Cow-calf producers in Idaho typically spring calve, graze on summer forage, wean and sell the calves in the fall. The best heifer calves are selected as replacements for the cowherd and the remaining heifer calves are sold with their steer herd mates. The heifer calves bring 7 to 10 cents per pound less than the steer calves. Reasons for the discount are that heifers in comparison to steers have lower average daily gain, less efficient feed conversion, higher cost per pound of gain, pregnancy risks, traditional market views and other factors.

Our Response

University of Idaho faculty developed an Idaho Total Beef education program with input from ranchers, bankers, feeders, packers and allied industries. Ranchers participate by enrolling a sample of their calves (5-50 head) in a feeding trial. The calves are preconditioned (weaned and vaccinated) on the ranch and delivered to Bruneau Cattle Company Feedlot. The feeding trial starts in November and ends in May when the finished cattle are processed at Tyson Fresh Meats, Boise. Owners receive feedlot, carcass and economic information on their calves.

Objectives of this integrated resource management (IRM) program are to help ranchers: (1) broaden their knowledge of the whole beef industry, (2) gain feedlot, carcass and economic information on their own cattle, (3) investigate alternative marketing options, (4) identify variables that affect

profitability, (5) compare heifer and steer performance, (6) manage risks, and (7) apply this information to their own ranch management.

Educational methods include: (1) rancher participation through ownership of cattle, (2) computer projections of anticipated performance, (3) monthly progress reports, (4) feedlot tour and program update, (5) market reports, (6) paper hedges to track live cattle and futures prices, (7) individual animal, ranch and pen data, (8) performance and financial analysis, (9) processing plant tour and carcass viewing, and (10) published reports and articles.

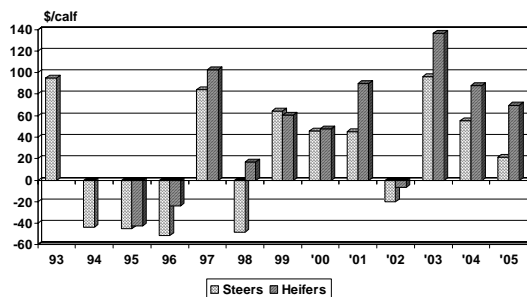
Program Outcomes

One hundred twenty-two ranches from 4 states consigned 6,414 head of cattle (3,820 steers, 2,594 heifers) to the "A to Z Retained Ownership, Inc." for the thirteen years of feeding trials implemented in 1992-2005. Cattle performed similarly each year. Incoming value of cattle, feed costs, marketing date, feedlot average daily gain and price premium or discount based on carcass quality and conformity account for most of the variation in profitability among animals. Recent industry pricing grids reward production of lean quality carcasses.

The bar graph compares the profitability of steers and heifers for the thirteen years of the A to Z Retained Ownership, Inc. program. In the eleven years that heifers were included in the feeding trials, the heifers had higher average profit or less loss per

head than the steers, ten years out of eleven. On average, heifers were \$12.21 per head more profitable to feed than steers in the A to Z program. This knowledge allows producers a management opportunity to increase profits by selling their steers for the higher price and feeding their discounted heifers to capture this potential return. This profit potential is dependent upon the feeder cattle price spread between heifers and steers and the feedlot and carcass performance and carcass prices.

A to Z – Profit Calves



The retained ownership program has been evaluated as a success by nearly all participants. Surveys of the cattle producers indicated a high level of satisfaction (96%) with the program. Producers classified the performance information as most useful in making the following decisions: 75% in fine-tuning ranch management, 63% in selection of bulls and replacement heifers, 63% in deciding to retain ownership of their calf crop as part of the marketing plan, 50% in enhancing the marketing of their calf crop.

Producers saw enhanced profitability of cattle in retained ownership during 2005 for the 124 steers and 73 heifers enrolled in the program. Steers averaged an additional \$21.38 per head and heifers averaged an additional \$69.71 per head over what would have been generated by selling weaned calves in the fall of 2004.

The Future

Plans are to continue the program. Each year, participants evaluate the program and suggest changes and interest emphasis. Educational programs are designed to address those interest topics and current situations. The 2005-06 feeding trial is scheduled to start in November. With current strong cattle prices, we anticipate that A to Z Retained Ownership, Inc. consignments will be lower.

Participating Faculty

Gordon Keetch, Adams/Washington Counties
 Scott Jensen, Owyhee County
 Neil Rimbey, Range Economist
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