



# Feeder Calf Marketing Options - Traditional vs. Preconditioned & Process Verified

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## BOTTOM LINE

- Process verification and preconditioning resulted in a net loss of \$57.04 and \$59.55 for steer and heifer calves respectively, when compared to herd mates sold immediately after weaning.

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### Introduction

The most popular marketing strategy for commercial beef calves in the Southwest US is to sell immediately after their separation from the cow. Many, perhaps most, are sold individually through a commission company. Marketing calves in this manner is without question the most convenient, least laborious, and lowest risk option for the cow calf producer.

Stocker and feedlot operators prefer that calves be weaned at least 45 days and vaccinated for respiratory viruses and common bacterial pathogens. Calves exposed to this regime consistently have fewer health problems after leaving their home ranch. TAMU Ranch to Rail data has clearly shown that better health results in faster, more efficient weight gains and improved carcass merit. Preconditioning calves involves additional expense and risk when compared to a traditional "sell-at-weaning" program. The question repeatedly asked by beef producers is, "Will it pay?"

### Experimental Approach

This project was conducted September - November 2001 with calves reared on the Luling Foundation located in Caldwell County. These spring-born calves were predominately Brangus-type with  $\frac{3}{8}$  or less Brahman influence. Bull calves were castrated at branding (2-4 months of age). Calves were weaned September 25-28, 2001. A representative sample (both steers and heifers) was sold at weaning to establish a base price against which to evaluate the preconditioning program.

Preconditioned calves were confinement fed for the first five days postweaning, then turned out to graze coastal bermudagrass. While on pasture, the calves were fed cottonseed cake (2 lb./head/day). The health management program followed the industry standard VAC 45 protocol. Preconditioned calves were sold November 13 during a special commingled sale conducted by the Hills Prairie Livestock Auction near Bastrop, Texas.

### Results and Discussion

Calves performed well during the 45-day preconditioning period; net average daily gains were 1.84 lb. for steers and 1.90 lb. for heifers. Total out-of-pocket cost for the preconditioning program was \$27.79 per calf.

An economic summary for the steer calves is presented in Table 1.

A comparison of market prices at weaning and after preconditioning indicates the steers and heifers were working against a rollback of \$72.74 and \$73.82 per head, respectively. Results of similar studies conducted in 1999 and 2000 reflect an appreciation in the market value of calves during the 45-day preconditioning period.

Retained ownership programs inherently involve risk. Results of similar studies conducted in the fall of both 1999 and 2000 demonstrated \$24-82 per head profits as the result of preconditioning. The significant depreciation in market value over the 45-day preconditioning period overwhelmed an efficient, cost-effective postweaning management program.

Excluding death loss, the change (+ or -) in market value of preconditioned calves during the 45-day period from weaning to marketing is the single largest determinant of economic outcome.

Producers must consider market prices, production costs and economic position at weaning in order to make sound management decisions relative to retained ownership. In this case, September-weaned feeder calves were commanding a significant premium (\$30 - 50/cwt.) compared to their predicted value as fat cattle (based on Chicago Mercantile Live Cattle futures contract prices). The beef industry will not tolerate such price disparity for long and the correction of such a disparity typically comes in the form of signi-

ficant, and often relatively rapid, feeder cattle price reductions.

Results of this project are only a snapshot in time. As previously mentioned, preconditioning resulted in positive economic returns during the fall of both 1999 and 2000.

**Table 1.** Outcome of the Preconditioning Program (steers only).

Ranch Weaning Weight, lb.	598
Payweight at Weaning, lb.	581
Average Sale Price, \$/cwt.	\$82.00
Initial Value, \$/head	\$476.63
<b>Expenses</b>	
Pasture Cost, \$/head	\$9.00
Feed & Hay, \$/head	\$13.20
Vaccines & Parasite Control, \$/head	\$6.54
Freight & Marketing costs, \$/head	\$8.05
Interest, \$/head	\$4.86
Total, \$/head	\$41.65
Postweaning Gain, lb./head (@1.84 lb./day)	83
Average Payweight, lb.	664
Average Gross Income, \$/head (@\$69.48/cwt.)	\$69.48
Total Invested, \$/head	\$518.28
<b>Net Return, \$/head</b>	<b>(\$57.04)</b>