

Post Rock Answers

Week of: 9/17/18 – 8/21/18

Barrett Simon

Post Rock District – Livestock

Make Your Marketing Decisions Count

Many changes have come through the livestock industry in recent history, that much is sure. In reference to selling cattle, producers have shifted the time of year when they sell culls, large scale video auctions, summer sales, and forward contracts have also played a role in the changes we have seen while turning our beef into cash. However, early fall will still see the biggest end of our cattle marketed and bring a buzz to the air as producers eye the board weekly and sometimes daily to try and get a better feel for when the time is right. Now I can't sit here and forecast when that time will be, none of us can. Yet I can offer some simple reminders on the basics of fall cattle marketing.

If we flashback to January and February, cattle prices generally look a whole lot different. As you are well aware of: it is your basic concept of supply and demand. Late last winter and early spring auction markets across the territory were able to sell 5 weight steers like we would never make another one. Yet here we are, the middle of September, and those same markets are full of feeder calves. While it is a matter of management practices, strategy, and convenience we typically sell our spring calves from September through November. Due to that same supply and demand curve, this is when prices will traditionally be the toughest throughout the year. Is there an opportunity to add weight to these cattle and background them through the lower price periods before cashing in with more favorable prices and a heavier calf later on? K-State Research and Extension Beef Specialist, Justin Waggoner, publishes the *Focus on Feedlot* report which features monthly close outs and projected cost-of-gains for heifers and steers alike. Current projections and the latest closeout reports that cattle can be fed for loosely \$70-\$80 per cwt. of gain; a target that several producers in the Post Rock District are hitting and some even doing it for slightly cheaper.

Producers can also capitalize on the weigh cow market by simply playing the waiting game. Once weaning has come and gone, those spring calving cow herds will begin preg checking and peeling off the open, ornery, old, and oddball cows. I know that keeping a group of culls on hand creates an extra chore that most of you could sure go without during fall harvest, but we have established before that cull cows account for nearly a quarter of our annual income. Especially for thin cows that could easily gain two, maybe three, body condition scores (150 pounds or more). I think feeding them through the winter makes an enticing alternative. Slaughter cow prices will soon deteriorate as more and more of them roll into town. I would strongly consider taking advantage of cheap gain and better markets by holding off on selling culls.

Stocker cattle managers have had some good opportunities to market their last turn of cattle this past summer and many are now returning to the buying phase. Experts are still projecting cattle prices to fall lower than they were a year ago at this time, but there have been some recent spikes in the market and it seems to be holding its own to this point. Remember to

consider all aspects of your operation when buying cattle. Favorable prices not only set the stage for a greater profit margin, but maybe more importantly, they alleviate the risk involved with things such as death loss or allow for some cushion in vaccine costs.

As you well know, the market can change seemingly within the blink of an eye and close-to-ideal windows can come and go quickly. It is best to plan out your marketing strategy for all sectors of the operation carefully so that in times of upward or downward swings we can avoid the panic and stick to the plan.

Post Rock Extension District of K-State Research and Extension serves Jewell, Lincoln, Mitchell, Osborne, and Smith counties. Barrett may be contacted at Barrett8@ksu.edu or by calling Smith Center, 282-6823, Beloit 738-3597, Lincoln 524-4432, Mankato 378-3174, or Osborne 346-2521. Join us on Facebook at "Post Rock Extension" along with our blog site at postrockextension.blogspot.com. Follow us on Twitter @KSRE_PostRock. Also remember our website is postrock.ksu.edu