

## Marketing Calves This Fall

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Looking ahead to this fall, cow-calf producers face a dilemma: Sell calves at record-high prices at weaning, or sell them at record-high prices later. Not a bad problem to have, but one that deserves some scrutiny, as a variety of factors play into determining the “best” marketing plan for an individual ranch.

Kansas State University Agricultural economist Glynn Tonsor points out that cow-calf producers face a blessing and a curse with multiple marketing options to consider this year. Tonsor sees four primary options for cow-calf producers to consider: sell at weaning, hold calves after weaning through a fall backgrounding period on forage, retain ownership through finishing, and finally, expand the herd by retaining more heifers.

Even in a record-high calf market, ranchers can benefit by participating in value-added preconditioning programs. From a buyer perspective, the value of preconditioning in reducing the risk of calf morbidity and mortality is even higher given amount of money they are investing in feeder cattle. It is important though, for producers who invest in preconditioning to also market the cattle in a way that captures that value, such as through certified sales that attract buyers who recognize the benefits of preconditioned calves.

While most ranchers will do well selling calves at weaning, those who have adequate moisture and ample forage might be leaving money on the table. With the value of gain on forage valued well over \$1 per pound, the reward for putting another 100 to 200 pounds on calves in a fall backgrounding program could be substantial compared with selling at weaning.

K-State Extension offers decision-support tools in collaboration with BeefBasis.com that can help ranchers objectively evaluate these marketing options and estimate returns based on projected market prices for their area. The next step is for a rancher to look at cost of gain. As the projected cost of gain approaches the projected value of gain, the prospects for profitably backgrounding calves decrease.

Ranchers can evaluate different options based on size and classes of cattle. For example, it might make sense to sell the heavy end of the calf crop at weaning and retain the lighter calves for backgrounding, or to sell steers and keep heifers.

As producers begin rebuilding their herds, open commercial heifers have become valuable as potential replacements. Some producers with good-quality genetics and excess forage might want to hold and possibly breed all their heifers, sort off replacements for their own herd and sell the rest as yearlings, bred heifers or as first-calf heifer pairs.

Feed at your own risk

Tonsor also believes retaining ownership through finishing looks dicey this year. Cattle feeders saw some good profits this spring, but his projections indicate that trend will shift as high feeder-cattle prices push their costs to near breakeven levels. Some ranchers who have experience in finishing their calves in a value-added system – people who know from experience their cattle will perform well and bring premium prices – can still benefit from retaining ownership through the feedlot.