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Photo available at: http://www.cabpartners.com/news/photos/Lardy_Greg.jpg

Black bonus

North Dakota sale barn study quantifies premiums

Producers have always known their genetic and management choices affect the bottom line. Now a North Dakota State University (NDSU) study quantifies how much some of those decisions are worth.

“We were in these sale barns at the key times of the year, from the start of the feeder calf sale to the end,” says Greg Lardy, NDSU animal scientist. “We tried to put ourselves in the seats of the buyers, collecting information that they would have access to as they bid on the calves.”

Lardy and his team recorded data from the sales of nearly 200,000 cattle in 18,178 lots by attending auctions in North Dakota, Montana and South Dakota.

Those factors included lot size, sex, color, vaccination history and natural eligibility. Steers had the greatest premium, at \$9.68 per hundredweight (cwt.) ahead of heifers in fall 2006-07. In winter 2007-08, that premium was \$8.66/cwt.

Lot size showed the next biggest profit center. Those numbering more than 21 head sold at a \$6.29/cwt. advantage to lots of 5 head or fewer in the fall, and at a \$4.99/cwt. premium in the winter.

“We hear routinely that calves sold in bigger groups bring more dollars,” Lardy says. “This dataset really starts to drive home the point that larger lot sizes can bring quite a few more dollars.”

The more calves the better, but the more alike those calves are the bigger the bonus.

“The adage of trying to find ways to market larger sets of more uniform calves is still important,” he says.

Black groups sold at the highest prices in both seasons, with \$3.39/cwt. and \$1.72/cwt. premiums, respectively. Black and black white faced mixed groups came in second, followed by straight black white faced and then mixed color groups. Figuring that bonus on a 500- to 700-pound (lb.) calf translates to a per-head premium of nearly \$17 to \$24.

“The bottom line is that there are a number of different alliance programs where people are looking for black-hided cattle,” Lardy says. “*Certified Angus Beef*[®] (CAB[®]) and other programs have

created quite a bit of value there, so you've got a number of different market outlets for those cattle once they're finished."

In the fall there were nearly four times as many black groups, as any other color classification, which speaks to the popularity of Angus genetics, says Larry Corah, vice president of Certified Angus Beef LLC (CAB).

"We've seen the amount of Angus-influence steadily trend upward over the last decade," he says. "We believe that's because commercial cattlemen have found ways to be more profitable with them, whether that's retaining ownership and reaping the benefits of carcass merit or selling at the sale barn and realizing a price improvement."

A CAB survey of 12 auction markets across the United States shows this trend isn't limited to the Dakotas and eastern Montana. For 10 years, CAB has tracked how known Angus genetics fare compared to non-Angus in its "Here's the Premium" study. Last fall, 500-lb. Angus steers received \$34.51 more at auction than non-Angus contemporaries.

"That was a 10-year record, even as calf prices slumped. That's a powerful message," Corah says.

For more information on the NDSU study, visit <http://www.ag.ndsu.edu/livestock/2007-beef-report.pdf>. For additional Here's the Premium information, go to <http://www.cabpartners.com/news/published/index.php>.

END

Effect of coat color on auction prices			
<i>ND, SD, MT fall 2006-2007</i>			
	No. of lots	Lot Price	Premium /cwt.
Black (Blck)	894	114.62	3.39
Mixed Blck/BWF	5,897	114.51	3.28
Black whiteface (BWF)	389	112.81	1.58
Mixed Colors	1,713	112.22	0.99
Red, Red whiteface	1,740	111.82	0.59
White	959	111.23	0

Effect of coat color on auction prices			
<i>ND, SD, MT winter 2007-2008</i>			
	No. of lots	Lot Price	Premium /cwt.
Black (Blck)	3,026	100.47	1.91
Mixed Blck/BWF	537	100.28	1.72
Black whiteface (BWF)	208	99.56	1
Mixed Colors	539	98.85	0.29
Red, Red whiteface	1,209	98.70	0.14
White	1,067	98.56	0.00

