

PROFITABLE FEEDLOT CATTLE FROM START TO FINISH

Profit Tip

To reap the full economic potential from calves, producers must plan all selection, health, nutrition and management so that those calves are profitable for cattle feeders. That means they leave the farm or ranch of origin ready to perform and ultimately realize their best beef quality potential.

A 2012 analysis of closeouts on nearly half a million fed cattle by Professional Cattle Consultants (PCC) sorted data into low, middle and high groups for profit and quality grade. The paper entitled, "Profit Profiles: Factors Driving Cattle Feeding Profitability," was first published in 2010.

Breaking out the 2012-updated figures, average feedlot profit was \$34.83 per head, but there was a \$128.87 spread between the high- and low-profit groups.

The Facts

- High profit cattle had the best feedlot gain, a 0.3 lb./day advantage over low-profit cattle
- That added 27 lb. to carcass weights, though all groups were fed the same length of time
- High profit cattle also graded better 6.2 percentage-point increase in Choice or higher grades, with similar trend in premium Choice cattle
- High profit cattle had slightly higher percentage YG 4-5s

Profit Profile				
	Low	Middle	High	All
Feedlot Placement Wgt.	741	736	725	734
Feedlot Finish Wgt. Live	1277	1295	1317	1296
Days on Feed	179	179	180	179
Cost of Gain (COG)	66.87	62.81	59.17	62.96
Average Daily Gain	3.06	3.18	3.36	3.20
Average Carcass Weight	814	829	841	828
% Choice or Higher	52.0	53.6	58.2	54.6
% CAB or Upper 2/3 Choice Prem.	10.9	11.9	13.8	12.2
% YG 1 & 2	51.4	51.1	46.3	49.6
% YG 4 & 5	10.9	11.7	12.7	11.8
Calculated Profit/Loss	-\$29.85	35.90	\$99.02	\$34.83

Action Points

- Add \$B or marbling and yearling EPDs to bull selection criteria
- Learn about each pen and foster two-way information sharing through harvest
- Seek relationships - both feedlots and ranchers - based on demand for cattle produced to grow and grade

Characteristics of high-grading cattle

- They grow faster, at 3.28 lb. average daily gain compared to 3.11 lb. for lower grading cattle.
- They have heavier carcasses by 14 lb.
- The highest grading group qualified for Premium Choice (CAB) at nearly four times the rate as the lowest quality group.
- Cost of Gain improves as quality grade improves, from \$63.92 on the lowest-grading third to \$62.10 on the highest-quality cattle.

Quality Grade Profile				
	Low	Middle	High	All
Feedlot Placement Wgt.	737	737	729	734
Feedlot Finish Wgt. Live	1282	1297	1310	1296
Days on Feed	179	177	182	179
Cost of Gain (COG)	63.92	62.86	62.10	62.96
Average Daily Gain	3.11	3.22	3.28	3.20
Average Carcass Weight	821	828	835	828
% Choice or Higher	35.3	54.1	74.5	54.6
% CAB or Upper 2/3 Choice Prem.	5.4	11.1	20.1	12.2
% YG 1 & 2	61.1	50.4	37.4	49.6
% YG 4 & 5	8.0	11.4	15.9	11.8
Calculated Profit/Loss	\$26.69	\$33.68	\$44.18	\$34.83

NOTE:

Professional Cattle Consultants LLC closeout data on 496,478 head in 4,815 lots. Feeder calf price was standardized using the CME Feeder Cattle Price Index.



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Questions?

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