Factors To Consider When "Marketing" Cull Cows

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There are physical conditions that producers should evaluate and use in making culling decisions. These include cancer eye, lumpy jaw, lameness, bad teeth, poor udders, poor body condition and docility of cows. Many producers know how to evaluate the herd and make culling decisions based on available resources and their management strategies, but many are not as familiar with marketing cull cows.

Many producers sell the culled animals as soon as the decision is made. Resource constraints such as limited forage availability due to drought or overstocking may necessitate selling culls immediately, but it is not always the most profitable option. The sale of cull animals can account for 15 to 30 percent of total revenue for many operations. Therefore, the question for producers becomes, "Is it more profitable to sell cows when the culling decision is made or should cows be marketed at a later date?" There are three key factors that should be considered when making this decision: 1) seasonality of cull cow prices, 2) price differences between cull slaughter grades, and 3) cost of feeding cull cows.

Cull cow prices are seasonal as are most agricultural commodities. The prices usually correspond to supply and demand issues. When supply is low and demand is high, cull cow prices are high. When there is an abundant supply and demand is low, prices tend to be lower. Cull cow prices tend to be highest from April to July, which corresponds with high demand during the grilling season (Memorial Day, Father's Day, Fourth of July). Cull prices tend to be lowest from October through January, which is when many producers choose to sell their culls due to the reduction of available forage and to avoid feeding them through winter.

Marketing animals when the price is highest will maximize revenue, but it may not always maximize profit. Producers should consider additional factors when marketing cull animals because highest price information alone does not mean producers will benefit from marketing during April to July.

The value of the animal is determined by the slaughter grade, which is determined by factors which in turn determine the value of the animal. The first factor is the potential for the cull cow to be condemned due to physical problems and withdrawal periods, which can result in the animal having little to no value. The second factor is the finish or how much of the animal is trimmings and muscle cuts. If higher valued cuts, such as the rib and the loin, are able to be harvested, then the animal will tend to have a higher value compared to a carcass that will be used for only ground beef. Third, the carcass or live weight of the cow is an important factor. The more weight the cow is carrying, the more pounds of meat are available to sell. Finally, the dressing percent, the ratio of meat to live weight, is a key factor that affects the value. The value of a cow tends to increase as the dressing percent increases because there is more meat to sell.

Cows are graded into four categories: canner, cutter, utility (breaking and boning utility), or commercial. Cutter and canner animals tend to be thin and have little muscle mass with a body condition score (BCS) of 1-3. Boning utility cows have a BCS of 4-6, which is the ideal score for breeding stock. These animals have a greater value than cutter/canner cows because higher valued cuts such as the loin, top rounds and strips can come from the carcass. Cows with a BCS of 7-9 tend to have a sufficient quantity of marbling (intramuscular fat) and tend to produce rib and loin cuts. These cows have a higher valued carcass and generally grade as breaking utility cows. In 2011, cull cows grading cutter/canner in Tennessee received an $11.88 discount compared to a cull cow grading breaking utility, while the boning utility cull cows received a $1.83 discount compared to breakers.

Feeding cull cows can increase revenue due to price seasonality, increased sale weight and slaughter grade changes, but increased revenue does not mean profits will increase. The value of gain must exceed the cost. In other words, the additional revenue gained by feeding must exceed the cost incurred between culling and marketing. Some elements that should be considered when evaluating whether or not to feed include the time of year, the current health of cows and the cost of feed. Fifty to 90 days of feeding make the decision profitable, and the best time of year to feed is generally from fall to spring. Cull animals need to be healthy enough to gain weight and have teeth. Relatively cheap feed sources such as winter annuals or byproduct feeds may lower the cost of feeding.

The bottom line is to market cows like you would market calves. Market healthy animals and do it before October or after January and consider the economics of feeding and market animals that are in good body condition (BCS 5-6). Δ

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