

# Pre-conditioned cattle sales for forage-based cow-calf management systems

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## Introduction

Demand for preconditioned feeder cattle continues to increase in the beef industry as value-based marketing and information flow expands indicating preconditioned forage-raised calves require less management, fewer losses due to illness and deaths, and increased profitability to both buyer and seller. The goal of a preconditioning program is to increase the value of weaned cattle (Bailey, 2002). The Northeast Texas Beef Improvement Organization (NETBIO) is comprised of commercial cow/calf and stocker operators and various agribusinesses with the same interest. The objective of this study is to determine if prices received for preconditioned NETBIO stocker cattle increase the net income above preconditioning costs.

## Methods

Producers with forage-based cow-calf production herds in the U.S. typically sell calves at weaning. Preconditioning is a term applied to calves which prior to or shortly after weaning are taught how to drink from water troughs, eat feeds out of bunks, given recommended vaccinations, and management treatments applied (e.g. dehorning, deworming) as necessary. Auction records will be collected from Sulphur Springs Livestock Auction and Oklahoma National Stockyards to be compared to the NETBIO sales to determine price comparisons. Sulphur Springs auction sale and Oklahoma National Stockyards sale will be compared to determine the accuracy of the basis during the same time period as NETBIO as well as interim months of NETBIO sales.

Weight classes to be compared will be from 205 – 341 kg at 23 kg increments, starting at 205 – 227 kg. Equations were developed to contrast the standard sale price of Sulphur Springs and the Oklahoma National Stockyards auction markets to the NETBIO sale. Additionally, a trained auctioneer familiar with current cattle prices will pre-price each pen of cattle prior to the NETBIO sale based on his opinion of what the cattle would have sold for at weekly Sulphur Springs sale. After determining price premiums, producers’ preconditioning expenses will be estimated.

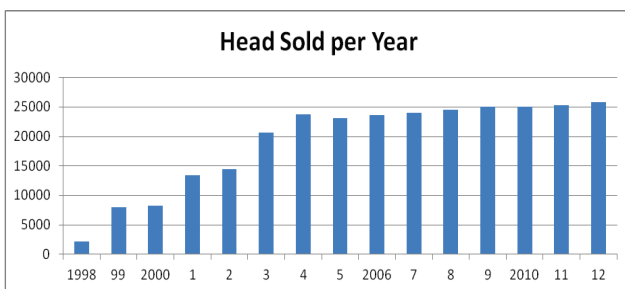
## Results

The NETBIO-sponsored livestock sale increased in cattle numbers sold (Fig. 1). Part of the capping of the sale numbers is due to a lack of space in holding pens. The largest sale each year has been the November sale, with over 5,000 head, with facilities not able to handle any more cattle than this. Since calves are typically weaned in September and October, the November sale date would typically fit into the normal cattle marketing plan for east Texas cattle producers. Prices for various weight categories at 22 kg intervals (Table 1) showed that as compared to the “National Normal” market (Oklahoma City) that cattle brought less in either NETBIO or Sulphur Springs auctions. However, prices at the NETBIO preconditioned cattle sales were higher ( $P < 0.05$ ) in all weight classes indicating that buyers were willing to pay more for preconditioned cattle.

Additional economic data indicated that the additional weight cattle gained during preconditioning was adequate to pay for those costs, with the higher process per kg being the “profit” for this extra management.

**Table 1. Prices (US\$/kg) for cattle received at NETBIO, National Normal (Oklahoma), and Sulphur Springs, for various weight classes**

Calf weights	205 kg	227 kg	250 kg	273 kg	295 kg	318 kg
NETBIO \$/kg	\$260.02	\$235.75	\$242.46	\$228.60	\$230.60	\$222.55
National Norm \$/kg	\$265.52	\$253.42	\$249.81	\$241.45	\$235.27	\$231.66
Sulphur Springs \$/kg	\$226.89	\$210.56	\$214.48	\$204.86	\$207.66	\$198.18



**Figure 1. Total Number of Preconditioned Cattle Sold at Special Sales by Year**

## **Conclusions**

Cattle markets do fluctuate, but also show fairly consistent trends. NETBIO calves appear to sale at a premium to the Sulphur Springs sale cattle, but usually for slightly less than cattle sold through the OK National Market. However, it appears that the premium paid the NETBIO calves would make the preconditioning of these calves profitable to producers in northeast Texas.

## **Acknowledgments**

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## **References**

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