Fall Marketing and Fall Born Calves

Andrew P. Griffith

October and November are busy months for most cow-calf producers. The majority of producers are in the midst of selling the spring calf crop and their less productive cows while most other cow-calf producers are in the middle of the calving season and preparing for breeding season. These may be busy times for both groups from a production standpoint, but several dollars can be earned this time of year if some time is dedicated to marketing strategies.

It may be easiest to start with the producers who are considering marketing cows and calves in the near term. If a producer has already marketed their calves and cows this fall then this information will likely only rub salt in the wound, but for those who have not taken the calves and cows to town then here are some things to consider.

First, the lowest calf prices of the year are generally experienced in October and November. Prices for 500 to 600 pound steers in those two months are usually 5 to 7 percent below the annual average price based on the last ten years of price data. Secondly, prices have increased moving from November to December seven out of the past ten years. Lastly, holding those animals through November and possibly even through December will increase weight. The additional weight could push the calves into the 600 to 700 pound range at the first of the year. January prices on 600 to 700 pound steers the past ten years are only 2.6 percent below the annual average price, and seven out of the past ten years, prices on this weight class have increased moving from November to December and from December to January.

The slaughter cow story is very similar to the calf story. Slaughter cow prices in October and November are generally 7 to 10 percent below the annual average slaughter cow price based on data from 2006 to 2015. Alternatively, slaughter cow prices in January are usually only 3.7 percent below the annual average price while February slaughter cow prices have averaged 2.2 percent higher than the annual average with prices generally peaking in May. Producers should also remember that cows that just weaned calves will also gain weight.

Producers should consider adjusting timing of marketing of cattle based on anticipated price changes, costs of carrying the animals, and weight gain. It certainly does not seem like it could hurt anything this year considering 500 to 600 pound steer values declined 34.5 percent from $990 per head in March to $650 per head at the end of September and slaughter cow values have declined $150 to $200 per head since the beginning of September.

Now to those producers who are in the middle or wrapping up the calving season. Now is the time to begin making marketing plans for the calf crop. Some producers will market calves at weaning which may be April or May while others will precondition those calves. It is usually easy to do fairly well with prices by either selling at weaning or carrying those calves through the summer. Over the past ten years the price of 500 to 600 pound steers in April and May have averaged 5.4 percent and 4.0 percent over the annual average price respectively. Similarly, if those animals are backgrounded through the summer and marketed in August, 700 to 800 pound steer prices are generally at their apex for the year.

April and May is also the time period when fall calving herds tend to market older and less productive cows. Slaughter cow prices tend to peak in the April through June time period. The cows being marketed this time of year may be a little thin due to just having weaned a calf and carrying the calf through the winter. However, many of them are in fairly good condition, because they are able to graze the spring flush for 30 to 60 days prior to when calves are weaned.

Capturing the highest price of the year is rarely achieved consistently by a producer, and it may not even be the most profitable circumstance. Profits are a function of price, weight, and costs, and each of these should impact decision making. The objective of the exercise is to maximize profit which requires regular evaluation of market prices and market tendencies. Producers may or may not be familiar with price seasonality, but it can lend tremendous information to the decision making process.