Strategically Marketing Open Cows

Justin Rhinehart – Extension Beef Cattle Specialist; University of Tennessee

Non-pregnant (aka, “open”) cows are often considered a by-product of cow-calf operations. Usually, when open cows are identified at pregnancy diagnosis they are sorted directly into a separate pen, loaded that day (or as soon as the calves are weaned) and transported to a livestock marketing facility. Oftentimes, scheduling the herd pregnancy check even revolves around days when the local marketing facility has a sale so that the open cows can be immediately liquidated.

As a matter of production management, it is critical to remove non-producers from the herd. However, as a matter of economic management, the significance of open cow revenue is often overlooked. In fact, open cow revenue generally represents between 15 – 30% of the sales receipts from a cow-calf operation. Therefore, optimizing the net return on open cows can have a major impact on the overall profitability of the enterprise.

When asked what most influenced their decision to market calves, a majority of cow-calf producers cited their calves reaching a set target weight or the market reaching a certain price as the major deciding factor. However, this concept does not appear to carry over to marketing open cows.

In the past, cow prices have displayed seasonal fluctuations that can provide a good estimate of the expected relative market value from month to month. The open cow (sometimes also called the “non-fed cattle”) market in the southeast usually peaks in March and April, begins to decline in July and eventually reaches the lowest point in November. Given this type of seasonal fluctuation, a few factors can be used to determine the profitability of holding cows over a defined period of time in normal years:

- Value at preg. check
- Cost of gain
- Death loss
- Health treatment cost
- Value when sold

“Value at preg. check” simply refers to the weight and price per weight of the cows at the time they are determined open. “Cost of gain” can be calculated by developing a ration, using feed and forage available at a reasonable cost, that will accomplish the projected sale weight by or before the projected sale date. A conservative estimate of “death loss” and “health treatment cost” should be made based on previous experience for a given area or set of cows. The “value when sold” is the expected weight of the cows when marketed and is calculated as the amount of weight the cows will be able to gain by the projected market date given feed and forage availability. Considering these factors should give an adequate prediction of whether a profit can be realized from holding cull cows. This equation can also be used by stocker operators considering whether to purchase open cows during market lulls, add value and sale for a profit.

An example scenario for a spring calving herd would be that pregnancy check is performed sometime between July (about 45 days after bulls are removed) and October (when calves are weaned) to identify open cows. Along with open cows; lame, poor mouth or poor producing cows are identified and added to the market list. If calves are weaned in October, the cow market
has already begun to decline from its peak in July and will not return to comparable levels until March or April. Therefore, if only considering market trends it would be beneficial to winter the culls until the spring market rebounds. However, there is a substantial cost associated with feeding cows through the winter months and, depending on available resources; it may cost more than the potential profit to hold these cows over.

As with most other agricultural enterprises, production volume will be a deciding factor when considering whether to stocker open cows. The example discussed here has not accounted for labor or opportunity costs. For small cow-calf producers who might have just a few open cows and limited (high cost) feed resources, holding these cattle will most likely not be profitable. For large cow-calf producers or stocker operators who have the opportunity to limit cost of gain and realize smaller profit margins per cow on larger total numbers, running stocker cows can prove to be a lucrative endeavor.