

# BEEF TIPS

EXTENSION ANIMAL SCIENCES AND INDUSTRY



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Cooperative Extension Service

Kansas State University

Look inside  
for information on  
**The 1996  
Beef Empire  
Days,  
Grazing  
Profitability,  
&  
Adding Value  
at Cow-Calf  
Operation**

## Insecticidal Ear Tag Choices

Choosing insecticidal ear tags can be bewildering with nearly 30 trade names and at least 11 active ingredients. First, decide what your purpose is.

If your purpose is to control ear ticks (some south central and southeastern counties of Kansas), you'll need a pyrethroid-based tag in each ear. Saber Extra (= Excalibur), PYthon (= ZetaGard), Cutter Gold, or Ectrin are suggested, based on research in Oklahoma and Texas. Double Barrel tags would probably also work well against ear ticks. If your purpose is to control face flies, again you'll want a tag in each ear—pyrethroid tags are superior to organophosphate tags. For face flies, use any of the above-listed tags, Double Barrel, Super Formula Max-Con, or permethrin tags: Atroban (= Expar), Atroban Extra, (= Expar Extra), Ear Force, Ear Force Ranger, GardStar, Permactec.

Bear in mind that horn fly control may range from inadequate to nonexistent with some of the aforementioned products, especially if a pyrethroid product was used at the same location the previous year. Horn flies may need to be controlled with dusts, backrubbers, occasional sprays or pour-ons. Horn flies are a consistent, economically important pest throughout Kansas every year.

Horn fly control is the reason most beef producers use insecticidal ear tags. Because of highly pyrethroid-resistant horn flies in Kansas, organophosphate (OP) ear tags or an alternative control method should be the basis of horn fly suppression. There is a possibility of resistance to organophosphates emerging in horn fly populations through continuous use of organophosphate (OP) ear tags. Therefore, I recommend using OP tags for two years, pyrethroid

tags for one year, then rotating back to OP tags for two years. The most reliable tags in the pyrethroid phase of the rotation for horn fly control in Kansas, are Saber Extra (= Excalibur) and PYthon (= ZetaGard). In the OP phase of the rotation, any of the following should be effective: Terminator, Optimizer (= BovaGard), Patriot, Warrior (= Diaphos Rx), Cutter Blue, Dominator (= Rotator), or Commando. For a 75- to 90-day grazing season, the cheapest of the foregoing OP tags will probably be adequate. For full-season grazing, expect Patriot or Warrior (= Diaphos X) to control horn flies for a greater part of the season. Regardless of which pyrethroid or OP ear tag you're using, you may need to initiate alternative control methods during August or September.

Points to remember:

- 1 Horn fly resistance to pyrethroids increases or subsides locally according to recency and duration of pyrethroid use. If you place cattle on pasture and don't know the history of pesticide use on cattle in that pasture, hedge your bet by using organophosphates on your cattle for the first year.
- 2 Each kind of ear tag must be applied with a specific one of about three different kinds of applicator devices. Some people find one easier to use than others, but selecting the tag according to its active ingredient is most important.
- 3 **Caution:** Follow label directions with regard to the type of gloves to be worn when applying insecticidal ear tags.

*Don Mock, Extension Specialist,  
Medical & Veterinary Entomology*

# Early-Intensive Versus Full-Season Grazing Strategies: Feedlot Perspectives for 1996

It's a real challenge to make a sound economic decision on which stocking strategy to use this year with all of the volatility in the marketplaces. There are several markets to deal with: feeder steer prices, rental rates for grass, old and new crop corn, feeder cattle futures and fat cattle prices. This article will attempt to synthesize information from these markets to get you thinking about the possibilities.

My objective is to compare full-season steers on grass with double-stocked steers to see what the feedlot investors can pay for cattle coming off grass. Full-season stockers come off grass in October, so I need to look at the economics of October-placed feedlot cattle. Double-stocked steers come off grass in July, so I also need to look at the economics of July-placed feedlot cattle.

For this example, I will assume that the July placements will finish in the feedlots in early December and hit the December fat cattle market. The October placements, starting a bit heavier, will finish in late February or early March with most hitting the February fat cattle market. *CattleFax Update* reports formula based contracts for fat cattle at around \$1 under futures for the appropriate finish months, so I am using a December price of \$61.42 and a February price of \$61.55.

With these expectations for fat cattle prices, what will the feedlots (or their investors) be able to pay for heavy feeders ready for the feedlot? This will largely depend upon feeding costs of gain for the two different placements. We can look at corn futures to see where feeding costs are headed, perhaps assuming there will be a larger than normal corn crop coming on line in September. CBOT corn futures (on 4/18) were: 7/96 \$4.25; 8/96 \$3.63; 12/96 \$3.20; 3/97 \$3.25

Taking into account the typically positive basis for corn in western Kansas, I will use an average price of corn of \$3.50/bu. for October-placed cattle and \$3.90 for July-placed cattle. These translate into feeding costs of gain of \$63.09 and \$68.05 for October and July placements, based upon the *AgUpdate* cattle feeding budgets published in April by Dr. Rod Jones, K-State Extension agricultural economist.

This information is now plugged into Buy-Sell, a spreadsheet developed by Kevin Dhuyvetter, K-State Extension agricultural economist for northeast Kansas. This program generates a table of breakeven purchase prices for feeders ready for the feedlots. It turns out that those feedlots will be able to bid up to \$58.79 in October for the 790-pound steers coming off full-season grass and just break even. July bids for 720-pound steers coming off double-stocked pastures in July would be \$54.28. Why the big difference? They have very

different feeding costs of gain because of the price of corn. If we have the expected corn crop and cash prices are close to futures, those later placed cattle will be eating much more of the new crop corn than the July-placed cattle. See the table showing Buy-Sell Analysis for Feedlots.

With these expected bids for heavy feeder steers we can similarly calculate the breakeven selling prices for steers already out on grass. I need to consider the different grazing costs of gain under the two stocking situations. With grass rental rates being bid up this year between 10 and 15 percent, I will adjust the grazing budgets found in the April issue of *AgUpdate* mentioned above and recalculate the grazing costs of gain for the full-season grazing at \$53.62 per hundredweight gain. For the double-stocked cattle the recalculated grazing cost of gain is \$51.35 per hundredweight gain. Both decision tables are shown below and at right. The breakeven selling price for 790- to 800-pound steers coming off full-season grass is \$58.05/cwt. The breakeven selling price for 700- to 720-pound steers coming off grass at double-stocked rates is \$57.20/cwt. The assumptions for both analyses are shown on the tables.

October feedlot bids for 790- to 800-pound steers are \$58.79 which is just slightly higher than the breakeven selling prices for the full-season steers on grass. July feedlot bids for 700- to 720-pound steers are \$54.28, which is almost \$3 less than the required breakeven selling price for double-stocked steers on grass. In this analysis the full-season grazing program has a higher probability of being profitable.

Notice that this economist had to use many sources for the analysis. I've used futures market prices for cattle and corn. I've used adjusted rental rates for grass and several tools of economic analysis in determining breakeven buying and selling prices for feedlot ready steers. Analysis results depend upon the purchase price of feeder steers and animal performance on grass and in the feedlot. And like every farmer I run into these days, it all depends upon some favorable weather to make the grass grow and allow corn producers to resupply cattle-feeding country with more economical feedstuffs than are currently available.

*Jerry Warmann, Extension Agricultural Economist,  
South Central Area*

## Buy-Sell Analysis for Full-Season Steers Breakeven Selling Price Worksheet

Purchase weight (lbs.)	550
Purchase price (\$/cwt)	\$57.50
Average Daily Gain (pay-to-pay)	1.60
Grazing Cost of gain (\$/cwt)	\$53.62
Interest rate on feeder	10.00%
Percent death loss*	1.50%
Desired profit per head	\$0.00

\*Enter only if death loss is **not** included in feeding cost of gain, if it is already included, enter zero.

Selling weight	Purchase Price						
	\$51.50	\$53.50	\$55.50	\$57.50	\$59.50	\$61.50	\$63.50
	<b>Breakeven Selling Price</b>						
650	52.56	54.30	56.05	57.80	59.55	61.29	63.04
700	52.98	54.62	56.26	57.89	59.53	61.17	62.80
750	53.35	54.89	56.43	57.97	59.51	61.05	62.59
800	53.68	55.13	56.59	58.05	59.50	60.96	62.41
850	53.97	55.35	56.73	58.11	59.49	60.87	62.25
900	54.22	55.53	56.85	58.17	59.48	60.80	62.11
950	54.45	55.70	56.96	58.22	59.47	60.73	61.98

Based on a feeding cost of gain of \$53.62

## Buy-Sell Analysis for Double-Stocked Steers Breakeven Selling Price Worksheet

Purchase weight (lbs.)	550
Purchase price (\$/cwt)	\$57.50
Average Daily Gain (pay-to-pay)	2.00
Grazing Cost of gain (\$/cwt)	\$51.35
Interest rate on feeder	10.00%
Percent death loss*	1.50%
Desired profit per head	\$0.00

\*Enter only if death loss is **not** included in feeding cost of gain, if it is already included, enter zero.

Selling weight	Purchase Price						
	\$51.50	\$53.50	\$55.50	\$57.50	\$59.50	\$61.50	\$63.50
	<b>Breakeven Selling Price</b>						
650	52.08	53.83	55.57	57.31	59.05	60.79	62.53
700	52.31	53.94	55.57	57.20	58.83	60.45	62.08
750	52.51	54.04	55.57	57.10	58.63	60.16	61.69
800	52.69	54.13	55.57	57.02	58.46	59.90	61.35
850	52.84	54.21	55.57	56.94	58.31	59.68	61.05
900	52.97	54.28	55.58	56.88	58.18	59.48	60.78
950	53.10	54.34	55.58	56.82	58.06	59.30	60.54

Based on a feeding cost of gain of \$51.35

## Buy-Sell Analysis for Feedlots

### Breakeven Buying Price Worksheet

	July Placement	October Placement
Selling weight after shrink (pay-weight)	1,225	1,225
Expected selling price (\$/cwt)	\$61.42	\$61.55
Average Daily Gain (pay-to-pay)	3.50	3.50
Feeding Cost of gain (\$/cwt)	\$68.05	\$63.09
Interest rate on feeder	10.00%	10.00%
Percent death loss*	.50%	0.50%
Desired profit per head	\$0.00	\$0.00

\*Enter only if death loss is **not** included in feeding cost of gain, if it is already included, enter zero.

### July Placements

Purchase weight	Selling Price						
	\$55.42	\$57.42	\$59.42	\$61.42	\$63.42	\$65.42	\$67.42
	<b>Breakeven Purchase Price</b>						
650	42.46	46.04	49.63	53.22	56.81	60.40	63.99
700	44.24	47.58	50.93	54.28	57.62	60.97	64.31
750	45.82	48.95	52.09	55.22	58.36	61.49	64.62
800	47.24	50.18	53.13	56.08	59.03	61.98	64.93
850	48.51	51.30	54.09	56.87	59.66	62.45	65.23
900	49.68	52.32	54.96	57.61	60.25	62.89	65.53
950	50.75	53.26	55.78	58.29	60.80	63.31	65.82

Based on a feeding cost of gain of \$68.05

### October Placements

Purchase weight	Selling Price						
	\$55.55	\$57.55	\$59.55	\$61.55	\$63.55	\$65.55	\$67.55
	<b>Breakeven Purchase Price</b>						
650	46.84	50.43	54.02	57.61	61.20	64.79	68.38
700	47.99	51.33	54.68	58.02	61.37	64.71	68.06
750	49.01	52.15	55.28	58.42	61.55	64.68	67.82
800	49.94	52.89	55.84	58.79	61.74	64.69	67.64
850	50.79	53.57	56.36	59.15	61.93	64.72	67.50
900	51.57	54.21	56.85	59.49	62.13	64.77	67.42
950	52.29	54.80	57.31	59.83	62.34	64.85	67.36

Based on a feeding cost of gain of \$63.09

## Steps to Adding Value

*(fourth in a five-part series of how we can add value to calves or products produced at a cow-calf operation.)*

### STEP 7. Look for Ways to Add Value to Products Marketed

A good management practice in agriculture is to feed grain or hay to cattle to increase the market value of these two commodities and, hopefully, make a profit on the cattle being fed. This year, ample forage exists and offers some excellent opportunities for use with cattle.

Overlooked in the cattle industry is the economic benefit of preconditioning calves and marketing these calves as “truly” preconditioned.

Value-base marketing has started to impact the cattle industry. There are two value-base targets—muscle and marbling. These will offer potential premiums whether the cow-calf producer sells the calves directly off the cow, or retains ownership and sells them at the time of slaughter. The added value may only be in the \$10 to 30/animal range, but may be the difference between profit and loss in operations. Value-base marketing is new and will grow.

### STEP 8. Utilize, Market Superior Genetics

Superior genetics need to be emphasized—whether it is improved weights; taking advantage of the crossbred female to enhance reproductive performance and calf vigor—superior genetics need to be a part of cow-calf programs. More and more of the economic merits of genetically superior cattle will be identified and premiums paid for them.

*Larry Corah, Extension State Leader  
Animal Sciences and Industry*

## Beef Empire Days

June 5–June 16, Garden City, Kansas

The 28th annual Beef Empire Days plays host to the Kansas Livestock Association / Kansas State Cattle Feeders Symposium. This year, the program will focus on new beef products and grazing programs.

The featured speaker is USDA Secretary Dan Glickman (invited). Other speakers include Mark Thomas, Vice President of New Marketing Initiatives, National Cattlemen’s Beef Association on *New Beef Products*; and Dr. Don Gill, Oklahoma State University, and Dr. Ted McCollum, Texas Cooperative Extension Service on *Properly Preparing Stocker Cattle for the Finishing Phase*. Lunch is provided by Kansas State University Ag Alumni. Thanks to the sponsors of the symposium—Elanco Animal Health and Feed Mercantile.

For More Information: 316-275-6807

## Kansas Feedlot Performance and Feed Cost Summary\*

Gerry Kuhl, Extension Feedlot Specialist, Kansas State University

### February 1996 Closeout Information\*\*

Sex/No.	Final Weight	Avg. Days on Feed	Avg. Daily Gain	Feed/Gain (Dry Basis)	% Death Loss	Avg. Cost of Gain/Cwt.	Projected Cost of Mar.-Placed Cattle
Steers: 14,688	1,245	145 (130-159)	3.21 (3.02-3.40)	6.41 (6.21-6.71)	0.95	\$65.12 (63.22-67.02)	\$68.42 (66.00-71.00)
Heifers: 15,811	1,134	144 (127-181)	2.99 (2.38-3.66)	6.45 (5.80-7.17)	1.05	\$66.40 (59.76-71.37)	\$70.08 (68.00-73.00)

### Current Feed Inventory Costs: March 15 Avg. Prices

	Avg. Price	Range	No. Yards
Corn	\$ 3.92/bu	\$ 3.70-4.22	7
Milo	\$ 6.22/cwt	\$ 6.22-6.22	1
Ground Alfalfa Hay	\$86.06/t on	\$82.00-90.00	6

\*Appreciation is expressed to these Kansas Feedyards: Brookover Feed Yards, Brookover Ranch Feedyards, Decatur County Feed Yard, Fairleigh Feed Yards, Kearny County Feeders, Pawnee Valley Feeders, and Supreme Feeders.

\*\*Closeout figures are the means of individual feedyard monthly averages and include feed, yardage, processing, medication, death loss and usually sold FOB the feedlot with a 4% pencil shrink. Interest charges are not normally included.



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