



Tri County Steer Carcass Futurity
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May 28, 2013

Dear Rick and Kelly,

Enclosed are final reports for your CO Jones August 2012 bulls, replacement heifers, steers and fed heifers fed at Roger and Cale Jones' Feedlot. Averages on 6,717 TCSCF steers fed last year will be in parentheses by the averages for your steers. Averages on 3,319 TCSCF heifers fed last year will be in parentheses by the averages for your heifers. The overall average daily gain for all steers was 3.18 (3.29). The feed to gain for all steers was 6.24 (6.99). The overall average daily gain for the fed heifers was 2.78 (3.02). The feed to gain for the fed heifers was 6.56 (7.29). The cattle were 19% (57%) yield grade (YG) 1 & 2's and 59% (68%) low Choice or better. With industry goals set at 70% YG 1 & 2's and 70% low Choice or better, this group missed both the YG goal and the quality grade goal. The steers were 23% YG 1&2's and the heifers were 11% YG 1&2's. The steers were 47% Choice and the heifers were 78% Choice. Heifers are usually 10% greater percent choice than steers. On the Final Report I have averaged the 3 bulls and 17 replacement heifers that were taken home on November 14, 2012.

I have averaged the fed heifers and fed steers at the bottom of both reports. The averages for the High Profit 1/3 Heifers and Steers and the Low Profit 1/3 Heifers and Steers are at the bottom of the Final Report and the Financial Report. I also averaged sires with 5 or more progeny. Notice the wide range in profit due to the differences in quality grade, average daily gain, yield grade and health treatments. If you would like to discuss differences between the two groups please contact me at dbusby@iastate.edu or 712.769.2600.

The cattle were marketed with .53 (.45) inches of fat cover, which is slightly above our target of .40 to .50 inches of fat cover. The current industry average is .59 inches of fat cover and the current national average is 66% Choice or better for the week ending May 10. There were 11 carcasses or 15.7% stamped YG 4 by the USDA grader. Four of the YG 4s were too light to kill until the 2nd harvest. The average REA/cwt for the 11 YG 4's was 1.58 compared to 1.70 for the 59 head. If the 11 carcasses would have been average REA/cwt to the group, it would have added 0.8 sq inches to each REA, and there would have been no YG 4's.

Based on past records from cattle coming from a drought area I am disappointed in the % low Choice or better with the above average fat cover but not surprised.

Optaflexx was fed to the 2nd harvest group for 28 days. Optaflexx increases carcass weight by 18 lbs. without sacrificing quality grade. Optaflexx cost \$15.72 per head to feed and the average carcass price for the third harvest was \$200.16. The Optaflexx cost of \$15.72 and an increase in return of \$36.03 per head, you made and extra \$20.31 per head.

The following table includes data from 6,327 carcasses closed out from July 1, 2011 to June 30, 2012. The carcasses are sorted into fat cover groups. The feed cost is at \$300/ton of dry matter and the carcass prices are based on current grid prices with this letter.

Item	Less than .29	.30 to .39	.40 to .49	.50 to .59	.60 .69	.70 to .79	.80 or greater
% of carcasses	2.3%	14.2%	29.7%	30.5%	12.8%	7.0%	3.6%
Del Wt	598	633	650	647	657	654	642
Final Wt	1139	1186	1203	1201	1219	1216	1206
ADG	3.14	3.41	3.49	3.50	3.52	3.55	3.54
Feed to Gain	6.02	6.08	6.30	6.49	6.70	7.04	7.41
Feed Cost/cwt of gain	\$90.30	\$91.20	\$94.50	\$97.35	\$100.50	\$105.60	\$111.15
% YG 1&2	99%	95%	68%	26%	7%	2%	0%
%YG 4&5	0%	0%	0%	0%	13%	51%	82%
% Prime	0.0%	0.4%	1.0%	1.7%	3.2%	3.6%	4.4%
% Prem Choice	4.2%	9.2%	15.0%	22.1%	25.3%	29.8%	28.8%
% Choice	32%	42%	53%	55%	55%	54%	55%
% low Choice or better	36%	52%	69%	78%	83%	88%	89%
% Select	53%	47%	30%	21%	16%	12%	10%
% Std	11.0%	1.0%	0.5%	0.5%	0.5%	0.0%	1.3%
Diff in Feed Cost \$/Hd	\$34.06	\$18.25	\$0.00	\$-16.73	\$-42.22	\$-70.89	\$-104.30
	A positive value means lower total feed cost/hd. A negative value means higher total feed cost/hd.						
Diff in Carcass Value \$/Hd	\$-21.13	\$0.23	\$0.00	\$-7.38	\$-20.89	\$-56.63	\$-84.85
Total diff in feed & carcass \$/hd.	\$12.93	\$18.48	\$0.00	\$-24.11	\$-63.11	\$-127.52	\$-189.15

Because of the high feed cost it would be most profitable to harvest the cattle at .30 to .39 inches of fat cover even though this fat cover group is only 52% low Choice or better. The TCSCF goal continues to be .45 to .50 inches of fat cover on the majority of cattle. But the higher feed costs encourage us to sort deeper on the first harvest groups. The added fat cover does improve % low Choice or better slightly but the higher feed cost of gain and not receiving the % YG 1&2 premiums but the improvement in % Choice does cost more than the added income. The best way to produce higher % Choice cattle is to have healthy, calm and fast gaining cattle that have the genetic ability to grade Choice with .40 inches of fat cover.

The feed cost of gain for steers was \$88.21/cwt. of gain. The total cost of gain for the steers averaged \$105.01/cwt. The feed cost for the fed heifers was \$92.88/cwt. of gain. The total cost of gain for the heifers was \$111.62/cwt. Average profit for all cattle was \$107.40/hd. This includes the income and expenses for the steer sold at the sale barn and the heifer taken to the locker. It also includes the value and expenses of the heifer and steer that died. The risk management strategy added an

average of \$114.13/head to steers and fed heifers. The average profit for the fed heifers was \$114.77/hd. and the steer average was \$102.81/hd. The trucking to Iowa is not included in the profit analysis.

Producers have asked how our marketing system compares to how others market cattle. ISU compared prices received against average prices for the week of harvest for cattle marketed over a three year period. The research paper proved that by reducing the percentage of outliers (i.e. yield grade 4 & 5's, light and heavy carcasses over 30 months of age, dark cutters, etc.) and selling on a grid, there was an average \$14-\$18/head improvement in gross income for all cattle sold. For a 700 lb. carcass, this is a \$2.00-\$2.50/cwt. advantage. This really shows up in cattle that grade well and those that don't have outliers. Our base price is the Iowa/Minnesota negotiated price from the previous week.

Harvest Date	Carcass Price/cwt received	USDA Average Carcass Price	Difference in Carcass Price	% YG 1's & 2's	% Choice or better	% Outliers
April 9 Strs & Hfrs	\$202.84/cwt	\$204.23/cwt	\$-1.39/cwt	16%	51%	16.2%
May 14 Strs & Hfrs	\$200.16/cwt	\$203.06/cwt	\$-2.90/cwt	19%	66%	18.8%

The projections were for all cattle and the comparisons are made to all cattle not just the steers and the fed heifers. The projected feed cost of gain was \$86.38 with a feed to gain of 5.54 and a feed cost per ton of dry matter of \$311.87. The actual feed cost per ton of dry matter was \$282.96. I projected the price of corn at \$8.00/bu. and the actual cost per bushel of corn was \$7.50/bu as most of the corn was purchased on September 14, 2012 for \$7.63/bu. The total cost of gain was projected at \$104.68. I projected the average daily gain for the group to be 3.45 and the actual was 2.89. The actual cost of gain was \$2.28/cwt. lower than projected. The two main factors were the lower than projected ration cost per ton was offset by the lower than projected average daily gain. The projected carcass price based on live cattle futures at the time of delivery was \$215.75/cwt. compared to the \$201.71/cwt. received. The risk management strategy added \$17.48/cwt to the average hot carcass weight or an average gross income per cwt of hot carcass weight of \$219.19/cwt. That has to be close to a home run. Congratulations.

As always, the value of your calves coming into a TCSCF feedlot has a big impact on the profit. A USDA Market Reporter placed USDA Frame and Muscle Scores on each calf and used the average prices of similar feeder cattle in Colorado for the week the calves were delivered to determine the market price/cwt on delivery. Iowa consignors deduct 3% of the price reported to cover sale expenses. Regardless of the value placed on the cattle in August the steers were worth an average of \$194.07/cwt and the heifers were worth \$176.41/cwt.

Table 1: CO Tri Towers August 2012 Strs & Hfrs % defects as compared to the TCSCF averages.

Defects	IA Tri Towers Aug 12 S&H	TCSCF Average	TCSCF Research data shows....
Disposition Score of 3.0 or Higher	0 hd or 0.0%	8.5%	A loss of \$62 /head for cattle with disposition scores of 3.0 or higher.
Lung Adhesions	7 hd or 10.0%	4% except winter of 2009-10 8.8%	Average daily gain reduced by .35 to .50 lbs. per day for cattle with lung adhesions.

Trim Loss	0 hd or 0.0%	1.9%	Our data collection crew records an estimate of trim loss but cannot determine the cause – bruise, fecal contamination, abscess, etc.
Bad Eyes	0 hd or 0.0%	10.0%	Research at Iowa State University indicates a 34 lb. reduction in weaning weight in calves with bad eyes. During the feedlot phase the calves fall another 34 lbs. behind their contemporaries that have normal eyes. The estimate of heritability is .18.
Horns	0 or 0.0%	3.4%	Horns increase the % of trim loss

17.2% of the cattle were individually treated. The average cost of individual health treatments for all cattle was \$5.22/head or an additional \$0.80/cwt. of gain for all the cattle. A preventative health program using modified live vaccines (MLV) and handling the MLV vaccines properly pays dividends. Of all ideas that went through my mind when you first called about sending unweaned calves in August this is the last thing I expected to happen.

Enclosed is a sheet entitled *Grid Prices for TCSCF Steer and Heifer Carcasses*. The column titled *Group 1* is the price paid for the steers and heifers harvested April 9. The column titled *Group 2* is the price paid for the steers and heifers harvested May 14. The column titled *Weighted Average Carcass* is a standardized price used for ranking the steers and heifers on retail value per day on feed and retail value per day of age. Standardizing the price removes the effect of harvest dates in the evaluation of the steers and heifers.

Please be sure to endorse your check by signing your name on the back! Our bank will return it for endorsement if not done properly. They do that to protect us all.

Please contact me with any questions or concerns. If you would like to visit, I am available. If I'm not in the office, please leave a message and I will get back to you as soon as possible.

I have not be able to locate in grass in NW Kansas for your cows. I hope rainfall is improving.

Darrell Busby
TCSCF

Cc: Jake Alden
TCSCF Board
TCSCF Feedlots

Encl.