

Last week we briefly discussed some things that load lot buyers take into consideration when purchasing calves. If done properly these things can help the seller avoid experiencing a discount for his calves. This week we will discuss why load lot calves are often low risk, and how the points mentioned last week can affect the amount a producer receives for his calves.

One key reason that load lot calves are often low risk is because they likely spent the previous 45 days or more as a group, and have not been comingled with other cattle. As with humans, comingling may increase the likelihood of contracting an illness. Load lot buyers often recognize the value of having cattle that have not been comingled, and therefore are not likely to discount those calves. Load lot calves may also be source verified, which means that the owner's name and ranch location is made known. Buyers typically find great value in this knowledge, and are more likely to buy from well known producers that have proven to be credible sources. Buyers are also often provided with information such as the genetics of the calves, and if any hormones or growth additives, and/or antibiotics were given. This information will aid the producer in determining if the calves in the lot may qualify for a specialty program such as Nolan Ryan's beef, or an organic program. The more information like this that is provided, the less likely the buyers are to discount the cattle when they purchase them.

Perhaps the main reason load lot calves are low risk and less prone to being discounted is because they have likely gone through a backgrounding program prior to being sold. Most backgrounding programs require that specific vaccination protocols be met. Some also place specifications on the weaning of the calves. Though many programs exist, some of the most popular backgrounding programs are the VAC 24, VAC 34, VAC 45, and NETBIO, each program varying in requirements. These backgrounding programs help producers avoid a discount on their calves for multiple reasons. Because the calves have been vaccinated, they are less likely to contract an illness, which would require more time and money of the buyer to treat the sick animal. Calves that have gone through a weaning program are typically more desirable as well. These calves have been started on a nutritional program that will help them be productive in the feed lot. This also creates calves that are already well acclimated to eating and drinking out of troughs when they arrive at the feed lot. Cattle that are accustomed to troughs have proven to gain better and perform better in feedlot situations. Buyers that know the feeding, weaning, and vaccination history of the calves are not as likely to discount the cattle because they have a better idea of their history, and what to expect in the future from the calves because they are lower risk.

On any given day demand forces of the market set the price of cattle. This is known as the commodity price. However, this is not always the price that producers receive for their cattle. The cost to prepare and ship the cattle to their new owner can greatly alter the price paid to a producer. Because of this, a producer should take special care to remember the things that can be done to avoid any discounts on the commodity price. Which of the management steps mentioned can you take to reduce the incidence of incurring a discount on your cattle, and get as close to the commodity price as possible?

Thanks,

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