

## Beef Heifer Retention Decisions

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Heifer retention has always been a component of herd management to think about and plan for in a cow-calf operation. Presently cattle prices are higher than any time in history which means that decision making needs to be well founded with a solid understanding of what market forces are in effect. However, producers could take advantage of the mark and add them to the inventory of the cow-calf operation, increasing profits in the future. Logic says to sell all your heifers at this time when prices are high and make a large profit. Both of these options have their benefits and their costs, but every producer has different needs, budgets, and capabilities, and any real business growth (within reason) during good years can be beneficial. In making the decision to retain heifers there are a number of general factors that are essential for effective decision making, particularly at present (2012):

1. Price of cattle current and future.
2. The current and future supply and demand of beef.
3. Projected price of corn and other feedstuffs.
4. Anticipated precipitation and weather trends.
5. The cost of retaining heifers.

All of these factors are important for a manager when making the decision to keep heifers. These factors are the focus of this fact sheet so beef producers will make informed decisions relative to making the decision to retain heifers or not.

### Price of Cattle

The current price of cattle is a fundamental starting point, because the price of cattle is a major determinant if a profit is to be made for the year. Peel (2012) states, "Beef and cattle prices increased to new record levels in 2011 and are expected to push even higher in 2012." What is the cause of the rise in the price?

### Supply of Beef

Caldwell (2012) states that the supply of beef is one of the causes of the rise in cattle prices. "The southern Plains drought of the last year continues to shrink the beef cattle herd in that region as feed costs and other profit factors keep cattle producers discouraged from expanding their stock." This drought has had multiple effects on the beef industry in that region. Farm and rangeland has received record breaking low levels of precipitation resulting in higher feed prices farmers couldn't raise crops and these factors have caused multiple producers to keep expanding their herds and others to sell out, causing an influx in the auction yards and slaughter houses. This has lowered the total number of beef cattle for cow-calf operations in this area of the country. When supply goes down the demand usually increases.

### Demand for Beef

Not only has the demand for beef risen here in the U.S. but beef exports are expected to be a record 11 percent of total U.S. production next year. This is a sharp recovery from 2004 when exports represented just 2% of production after discovery of

a BSE cow that caused many world buyers to drop U.S. beef (Caldwell, 2012). The weak U.S. dollar has contributed to this, which also impacts export capabilities. If the overseas demand for U.S. beef stays high and there remains a shortage of beef cattle, the probability increases for sustained strong beef prices.

## **Corn Prices**

Corn is a large factor in the cost side of the equation for the beef industry; not directly for cow/calf operations but for the feedlots where cattle are finished. This has a large effect on the actual price of cattle in the industry affecting cost per pound of gain either through direct prices or days on feed as feedlots adjust. As one source stated, “there is a 10% chance that the price will be higher than \$7.04 and a 10% chance that the price will be less than or equal to \$5.67 (in 2012). This indicates that there is an 80% probability that the price will fall between these two prices. There is a 50% chance the price will be less than or equal to (or greater than) \$6.32” (MSU, 2012). It is evident that future corn prices are projected to be high, thus we can project high prices for cattle also.

## **Forage Conditions**

If you have range for your cattle it is important to project out what the range conditions will be in the coming year and into the future. There is a disturbing trend resulting in instability in weather patterns with the “norm” now being extremes, resulting in drought or flood. We cannot accurately predict but statements from the National Oceanic Atmospheric Administration (NOAA, 2012) like “...below-average precipitation...” and “drier-than-average conditions...” are not positive weather projections to hear by farmers and range managers. We will continue to experience unsettled conditions so forage condition and supplies is a wild card.

## **Cost of Retaining Heifers**

There two ways heifers can be retained. The first is retaining for the purpose of replacements. There are cows come open, late, old, or injured that need to be culled from the herd and the heifers that are chosen by the manager as replacements make up for these. This is an essential practice for all cow-calf operators that allows for herd maintenance.

The second type is retaining for the purpose of expanding the herd. Most beef producers would like to grow their herd if possible. This is a decision that must be taken carefully with all the facts considered. The points raised in this fact sheet are but a few.

Both types of retention have the same costs and management required to be successful. Heifers will not calve until the following year, causing the producer to have to feed them with no return in that first year. If calf prices the following year are low, that cost can be very hard on the overall finances of the operation. If the calf prices are strong there is the potential for future income growth. Burton (2012) states that “the cost of retaining heifers, will take \$300 to \$400 in operating expenses to keep a cow for one year and with these numbers a heifer will end up costing a producer \$600 to \$800 before ever turning a profit

Proper management is the key to having success with heifers and eventually realizing that profit in the following years. As stated in the Cow-Calf Management Guide (WBRC, 2010) there are several points to remember when dealing with heifers. Just a few of them are:

1. Heifers too small when selected will never have a long and productive life.
2. Heifers that have a short hip height and small pelvic areas will have higher cases of dystocia which may permanently damage them, and have a high probability of losing the calf.
3. Proper feeding the first winter is critical to heifer development. Remember that the nutritional requirements of a heifer are much higher than a mature cow.
4. Heifers require more time to start cycling after calving than mature cows. It is recommended that heifers be calved out 20 days before the rest of the herd. Heifers take longer to recover from calving than mature cows.

## **Conclusion**

Producers should take advantage of market signals and conditions to expand their herd or retain heifers. However, caution is required as there are many factors to consider, particularly with the beef cycle in such disarray.

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