Types of Cattle and Their Place in the Market

By Russell Hooks May 2011



I have been in the Longhorn business for over 30 yrs. I have seen a lot of ups and downs in that amount of time, including the high cattle prices of the oil boom era of the early 1980's as well as the lows after the oil bust in the late 80's and early 90's. The industry went from seeing sale averages of \$3,500 and up to watching averages fall to \$600-\$1,000. Before the fall of the market, the high-selling lots at most sales where in excess of \$10,000 with several world record prices set during this time period. There were bull syndications being done on top bulls in the industry in amounts exceeding \$2 million.

When all this started coming to an end, there were several things that helped keep the industry going which included, a good market for recreational cattle (ropers) and commercial cattlemen's use of Longhorn cattle. Mainly Longhorn bulls to breed first calf heifers of other breeds. This was, in part, due to a strong national promotional advertising effort made by the association and breeders to appeal to the

commercial cattlemen about the benefits of using Longhorn genetics. A good market (\$800-\$1,200) for the solid colored Longhorn bulls was one of the results. Bull calves had value not just as ropers, but as a first calf heifer bulls. This added to the bull calf's value as a roper because there were fewer bull calves being sold as ropers. This promotional campaign also resulted in a good market for lower end cattle for use in commercial cow/calf operations. With a solid and realistic market price established for ropers, bulls, and the lower end cattle, the market for the better cattle started to slowly recover. As this started to happen, more and more people started to get involved in the Longhorn industry because they could see that the Longhorn could be as profitable or more profitable than any other registered breed of cattle or a commercial cattle operation. This renewed interest helped increase prices of Longhorn cattle at all levels of quality but it started at the bottom and worked its way up.

In recent years we have seen a dramatic rise in Longhorn cattle prices with high sale averages, but once again, we are seeing the prices start to fall drastically. These recent years have been like a flash back to the 1980's. Some of the fall in our cattle prices today are out of the control of our industry and are linked to our nation's economy and the extreme drought that is continuing to affect a large part of the US. We can, however work on establishing a base value for our cattle through better marketing the value of Longhorn genetics to the commercial cattlemen, the benefits of Longhorn Beef to the American Beef Consumer, who is becoming even more health conscious. I believe it is once again time to start climbing the ladder. Starting with the bottom end and pushing upward. It worked before and I believe it can again. It will be up to the breeders to help start the climb one step at a time. The commercial cattle market is seeing record high prices for all types of cattle. Some Longhorn cattle actually have more value at a commercial sale than they do at a registered sale. This will make the climb a lot easier now that ALL cattle are selling for higher prices at commercial auction barns.

Level One - Culls — As breeders, it is our responsibility to cull our herds of inferior cattle that should not be in our breed. These are cattle that have genetic defects and are of just overall poor quality. Whether or not we breeders like to admit it we have some calves that need to be culled out of the breed. These cattle have little to no value.

Level Two – **Beef Grade** – These are the cattle that do not have the pedigree, conformation, or horn that a seed-stock producer would want to use. Maybe they are poor breeders, poor milkers or maybe have a bad

udder. They could be of any age or sex so long as they are healthy. At this time it is up to the individual as to how they market or sell Longhorn beef. Those who sell Longhorn beef generally price their hamburger meat for around \$4 per pound and up. An 800lb animal will yield about 300lbs of hamburger meat which establishes a value of \$1,200 on this type of animal. There are some slaughter houses that will pay you a hanging weight price which in most cases is a better price than you will receive for the live animal at a sale in today's current market. You can sell your beef this way without having to market your beef



yourself. At registered Longhorn sales, these types of cattle will currently sell for well under \$1,200. In most cases the selling price will be around \$500-\$600 per head which leaves little profit after paying the sale consignment fees. There are a large number of cattle that fit into this category and the next category, Cow/Calf Producer Grade. By removing these cattle from the industry it will help balance the supply and demand which will help increase the value of the Cow/Calf Producer Grade and the Registered Seed-stock cattle.

Level Three - Cow/Calf Producer Grade — What is a cow/calf producer looking for in a cow? He is looking for a calf raiser, a cow that can wean a fat and healthy calf. These cattle need to have a good



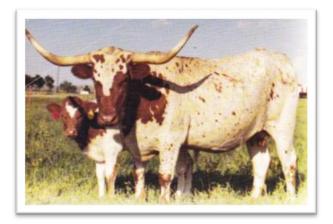
August 2012 - 3yr old female w/ 7mo Angus sired calf

body, udder and be sound breeders. The cattle in this group lack good horn or pedigree to be used by most seed-stock producers. These cattle are of value to the cow/calf producer. When these types of cattle are sold in a registered sale they currently will bring about \$500 per head. I know of several cases were these types of cattle have sold in a registered sale for \$300-\$400. The buyer then hauled these cattle straight to the local auction barn and sold the cattle, made a profit of \$100-\$150 per head. I have seen reports of Longhorn cows with non-longhorn sired calves sell for \$550-\$750.00 at some sale barns. If the base value of the Beef Grade cattle is established to be about \$900-\$1,200.00

for an average 800lb cow then the Cow/Calf Producer Grade cattle should be worth at least that same amount or slightly more. If they are not worth that amount on the hoof then they can be sold as beef. There are a large number of cattle that fit into this category and the next category, Registered Seed-stock cattle. By developing a market for these cattle with commercial cattle producers it will help balance the supply and demand by their offspring not being registered. This would also increase the value of the Registered Seed-stock cattle.

Level Four - Registered Seed-stock Cattle – These are quality Longhorn cattle that have all the desirable Longhorn traits with good genetics, conformation and good horn development for their age (55"-65"). They are used to produce the next generation of Registered Texas Longhorn Cattle. If we established a market and the value of the cattle on the lower rungs of the ladder at around \$1,200 then it stands to reason that the value for Registered seed-stock should be in excess of \$1,200. Currently, that is not the case, with most of the cattle that would fall into this category selling under \$1,200.





Level Five - Elite or Top End Registered Seedstock Cattle – These are top quality Longhorn cattle that excel in all the desirable Longhorn traits for their age. These cattle have outstanding production records that show consistency in producing top quality offspring. These cattle almost always sell for a respectable price and their value is usually set by the buyers who are looking for the best of the breed. There is only a minimal percentage of the breed that would fall into this category. To produce cattle that would fit into this category should be the goal of most breeders.

Level Six - Collectable Cattle – These are the cattle that are the extremes in the breed with the main focus being on horn length. The value of the cattle in this category is most often determined by the numbers on

a tape measure rather than the overall quality of the animal or their production. Their value is unpredictable and is set by the individual who desires to own one of the longest horn animals in the breed and willingness to pay for that privilege. Their value is not affected by the price of the cattle below them and their prices have almost no effect on the cattle on the lower ladder rungs. Only a **very small** percentage of the cattle in our industry fall into this category. This also means that only a **very small** percentage of breeders will ever produce a cow that will end up in this category.



As we look at these categories of cattle within our industry, a couple of very important things must be noted. One is, no matter how good the breeding, or breeding program, there are going to be cull cattle, but with good breeding practices and strict culling by breeders, the numbers can be limited. The second is that the majority of breeders are producing cattle that end up in the middle categories of Beef Grade, Cow/Calf Producer Grade and Registered Seed-stock. The problem with this is that the supply of these types of cattle is high and the current market demand is low. In order to change this we need to decrease the number of cattle. This can be done by processing more cattle for beef and/or selling more cattle for use in a cow/calf operation, basically removing these cattle from the registered herd inventory. In recent months there has been a steady rise in beef cattle prices and a shortage of slaughter ready cattle. The increase in beef cattle prices has resulted in an increase in price for Longhorns at local auction barns. Now is the time for our associations and breeders to take advantage of these higher prices and to also increase awareness of the benefits of using Longhorn genetics by using a national promotional campaign with the goal being to increase the demand for Longhorn genetics which would increase the interest for Registered Longhorn Seed-Stock Cattle. If most of the members of our association produce cattle that are in these middle categories, then one would think that the associations would be focused on helping to promote these types of cattle that make up the largest percentage of the cattle in the Association. However, as most of us know, this is not the case because the associations' promotional focus seems to be more on the Elite or Collectable cattle. For the needed change to take place, the Longhorn industry must stop emphasizing the single trait of long horns and start focusing on the historical traits that have made this breed viable for hundreds of years.