

Marketing Cull Cows: Understanding What Determines Value

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Under drought conditions it is likely many operations will experience lower conception rates than normal. Feed costs and uncertainty about growing seasons next year make culling of these open cows appear to be the correct management decision. In an average year, cull cows will represent 10-20% of gross revenue on a cow-calf operation.

Informed marketing, rather than simply selling, can add to income from cull cow and bull sales. When factors affecting value are understood, culls can be marketed to take advantage of seasonal trends and fluctuations in cow condition. Factors affecting value are sale weight, body condition, muscling, quality and blemishes, all of which can be managed at the ranch to add value to the culls. Cull cow value is based on percent lean meat yield and live weight.

Cows are graded into four broad categories, Canner, Cutter, Utility, and Commercial. Table I indicates characteristics associated with each grade. Canners are thin, emaciated cows which have lost muscle mass due to poor nutrition or health. Cutters are thin to moderate in flesh. Little muscle mass has been lost but no excess condition is being carried. Cows grading Utility carry higher levels of condition. (It is a fat cow grade.) Utility is further divided into Boning and Breaking classifications as

well. Cow tenders, strips and top rounds can be, and often are, pulled from cows grading Boning Utility.

Breaking Utility cows have sufficient intramuscular fat (marbling) and muscling for the primals (particularly cuts from the rib and loin) to be used outside the ground meat trade. This greatly increases the carcass value of these cows. Cows that will grade Breaking Utility are very difficult, if not impossible, to determine before processing. It is not practical to manage cows with the goal of producing Breaking Utility grade.

Carcasses grading Commercial are normally from younger cows that fall into C maturity (approximately 42 months old or older). Primal cuts are routinely pulled from these cattle and use in restaurant trade.

Canner cows bring a lower price per pound than Cutter, Utility or Commercial cows. Cutters normally have a higher price per pound than Canner or Utility. Recently, Utility cows are selling for more per pound than Cutter cows. Utility cows bring a price per pound that is usually intermediate to Cutters and Canners, but will often have more total dollar income due to extra live. Producers should target cows for the high yielding Cutter or Boning Utility grade.

Table I. Cull Cow Grades and Characteristics

Grade	Dressing Percentage	Lean Content of Trimmings	Cow BCS	Current ^a Mkt Value \$/cwt
Canner	40 to 46	90 to 92	1 to 3	18 to 25 ^b
Cutter	45 to 49	88 to 90	4 to 5	20 to 34
Utility				
Boning	50 to 52	78 to 83	5 to 9	25 to 34
Breaking	52 to 54	76 to 82	6 to 9	38 to 50
Commercial	55 to 60	70 to 80	5 to 9	38 to 50

^a. Values reported as of July 24, 1998

^b. Cows could be subject to light carcass discounts.

Caution should be exercised when marketing cows directly to a packing plant. Cows that grade high Cutter and Utility will probably be discounted if they have too much external fat. Packers discount what they classify as fat cows. Unlike processing facilities for feedlot cattle, cow processors sort cow carcasses according to the described criteria. They are not graded by a USDA grader or stamped with the packer grades.

When selling cows directly to the packer another discount to be aware of is for light carcasses. Carcasses weighing less than 350 pounds receive up to \$15/cwt discount. The Canner grade is most likely to produce light carcasses. Thin, emaciated cows are discounted at the sale barn to compensate for the probability of light carcasses. For example, a cow with a body condition score (BCS) of 3, weighing 800 pounds and dressing 40%, would hang up a 320 pound carcass. A \$15/cwt discount equals \$48 per head, or \$6/cwt on a live-weight basis. This is in addition to the lower price per pound for Canner cows.

Cows are inspected by USDA inspectors at processing. Condemnations are the result of the USDA inspector, not plant management. Condemnation is due to pathological conditions only, most commonly due to cancerous conditions which have spread out of a localized organ such as an eye.

The most competitive environment for selling cull cows is still the local auction facility. Unless a prearranged price is agreed upon and conditions for determining carcass value are set, it is risky to sell directly to a processing plant.

To maximize value of cull cows, consider some or all of the following changes in management if they appear to be profitable.

1. Add weight to thin cull cows before selling. This is particularly valuable when cows are BCS 3 or lower at culling. High quality forage efficiently replenishes muscle mass on cows. Extremely old cows may not gain as efficient as younger cows. Target a BCS of 5 for light muscled cows and BCS 5-6 for heavier muscled cows.

2. Cull old cows before they lose their teeth, decline in body condition and fail to breed. Besides having lower cull weight and value, such cows have also weaned lighter

calves than the younger cows for probably at least two years.

3. Explore selling directly to a packer on a prearranged price. Caution should be exercised! Bids are more competitive at local auctions. Only a knowledgeable producer should attempt to market good quality cows directly to a packer.

4. Market crippled cattle directly to a packer, without going through usual marketing channels. Cows with other blemishes, such as bad eyes, probably should also be sold directly to a packer.

5. Sell cows before they become fat (BCS 8-9). Fat cows are discounted for low lean yield regardless of their potential to classify as Breaking Utility.

6. Sell cows outside seasonal marketing trends. Cull cow prices are normally lowest in October and November. If possible, consider marketing between February and September when slaughter rates are lower.

7. Consider cull cows as a valuable asset and handle them as such. Bruising is a major problem with cull cows. Most bruises are caused by rough handling and hauling from the time they are sorted at the ranch until they are processed at the cow plant.

8. Be cautious and concerned about withdrawal times when marketing cows which have been treated with animal health products.

Summary

Sell early before all that is left is a shell of a cow. Try not to market cows that are too thin or too fat. Sell before blemishes become problems. Sell crippled cattle and cows with obvious blemishes directly to the packer. Eliminate small framed cows, which produce less pounds of saleable product of less value to the ground meat processor, a double loser. Reasonable cow weights should be 1000-1250 pounds. Moderate framed cows (frame score 5) with average muscling in a BCS 5 should weight from 1150-1250 pounds at maturity.

Obviously light muscled, early maturing bulls should not be purchased in the first place. However, cull bulls should be marketed with as much muscling as possible and as little fat as practical.

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