The Right Steer for a High Corn Cost World

By Professional Cattle Consultants, Weatherford, Oklahoma

The debate about the right size animal for today's high corn cost world includes a growing number of voices and vantage points. Some suggest the answer is a smaller-frame steer that finishes at a lighter weight and uses fewer bushels of corn to reach a Choice-grade endpoint. This "little steer theory" may even sound logical on the surface. Feed has become amazingly high priced. We all want to use fewer bushels and bales. So quick-finishing, lighter-endpoint steers must be exactly what a cattle feeder needs, right?

Wrong! Actual feedlot performance data completely demolishes this theory. The right steer for the feedlot today is the same steer that worked best when cattle feeders were paying only $2 or $3 per bushel for corn. Let's find out exactly what today's favored steer looks like by studying feedlot performance records from over 100,000 steers that went on feed weighing 700 pounds but finished at different end weights primarily due to genetic differences.

Performance & Economics of Feedlot Steers That Finish at Different End Weights*

Finish Weight (pounds)	Average Daily Gain (pounds)	Dry Feed Conversion (pounds)	Days on Feed (days)	Total Feed Consumed (pounds)	Total Cost of Feed** (per head)	Feed Cost of Gain (per pound)	Value of Live Gain at $95/cwt. (per head)	Value of Gain minus Feed Cost (per head)
1400	3.73	5.57	188	3900	$585.05	$0.84	$665.00	**$79.95**
1200	2.89	6.39	174	3194	$479.08	$0.96	$475.00	**-$4.08**

*Steers placed on feed as at 700 lbs.

**Assumes $7/bu. Corn cost

Source: Professional Cattle Consultants

Based on actual feedlot closeout data from 753 pens representing 105,658 steers.

Difference per head **$84.03**

When we group these steers according to finish weight, significant differences in average daily gain (ADG) and feed/gain (F/G) are revealed. Final weight is found to be positively correlated with ADG and negatively correlated with F/G. Both correlations are favorable. Notice how much better the steers finishing at 1,400 pounds performed versus their counterparts that reached only 1,200 pounds. ADG among the heavier-finishing steers exceeds the lighter steers' gain rate by a whopping 0.84 pounds per day (3.73 versus 2.89 pounds; better by 29%). F/G also significantly favors the bigger, performance-oriented steers (13% advantage), which translates into a lower feed cost of gain (FCOG). In fact, the 1,400-pound steers outdid the 1,200-pound steers by $0.12 a pound for FCOG despite being fed two weeks longer.

The larger, growth-oriented steers had ideal genetics for the feedlot. They did consume more total feed per animal. However, these steers were better stewards of the high-priced corn they ate, converting feed into salable beef more efficiently and more cost effectively than the lighter-finishing steers. Feed ration cost used for the economic analysis shown here is $300 per dry ton, which is equivalent to $7 per bushel corn.

The far right-hand column shows the dollar impact of the performance differences between the two groups. With an assumed $95 per cwt. fed cattle market and $300 per dry ton ration cost, only the 1,400 pound steers create enough live gain value to cover their feed costs. Non-feed costs are not shown, but would be similar across both groups, pushing the lighter-finishing steers deeper into the red. The heavier-finishing steers generate a large economic advantage, covering their feed costs by a wide margin. All told, the 1,400-pound finishers excel over the 1,200-pound steers by $84 per head. That difference is huge to a cattle feeder! It also demonstrates that feeder steers which can grow fast and efficiently to heavier finish weights are worth measurably more than genetically weaker steers that run out of gas and must be sold at lighter weights.

Perspective for the Cow-Calf Producer

We've now identified what type cattle work best in the feedlot when feed costs are high. For the cow-calf producer, there is an important message here. Your calf crop can be highly demanded by feedlot operators ***IF*** they are genetically programmed for growth and performance, including adequate end-weight potential. Yes there does come a point when big is too big (approximately 1,500 pounds and heavier for a finished steer). Cow-calf producers must also consider cow size and cow carrying costs when making genetic decisions and purchasing bulls. Nevertheless, the fact remains, smaller-framed, lower-growth-potential cattle are worth significantly fewer dollars to a feedlot manager, especially when corn prices are elevated like we are experiencing in our industry today.

Steers that finish at lighter weights actually perform more like heifers, which makes them worth a heifer price. The market discounts heifers because they can't keep up with most steers in the feedlot. Heifers don't grow as fast; they don't grow as efficiently; and they finish at lighter weights compared to steers. No matter what corn costs, the last thing any cattle feeder wants is a pen full of steers that perform like heifers.

What they do want are steers like those that grew fast and efficiently to 1,400 pounds. These genetics are exactly what feedlots like to feed. If we put a fair value on both steer groups the day they went on feed weighing 700-pounds, the heavier-finishing steers would be worth $12 per cwt. more than the light-finishing steers. Yes, $12 per cwt. more. For a producer selling feeder steers to the feedlot buyer, a much bigger paycheck awaits those whose cattle perform like the 1,400 pound steers analyzed in this article. Stated simply…**Performance always pays!**