

# Opportunities in supplying markets - domestic grain fed

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Over the 19 years that I have supplied domestic grain fed cattle my yearling (11-15 month) carcase weights have increased from an average 200 kg to the present 275 kg as the industry has strived for efficiencies at all levels. Clearly the trend is away from the traditional "baby beef" to weaners that are either "fed" or carried over on grass. Our domestic market now requires consistency of supply and eating quality, placing selection pressure on weight for age, lighter meat and fat color, increased marbling (although not reflected in WA price grids) and some breed preferences. As a result we have seen strong demand for grain fed yearlings between the months of January and September with the trend towards year round supply. However this year supply outstripped demand to push the "spot" price as much as 80 c/kg below the level required for profitability, although most supply agreements did allow feeders to survive the downturn.

Opportunities still exist and I will summarise these as follows:

- **Price grids** are changing to allow a greater % of 2 tooth cattle. This encourages feeders to source slightly older cattle that have been "back grounded" or better prepared to perform on feed.
- **Total mixed ration feeding** in preference to a separate hay/grain mix will improve feed conversion ratios (20-25%), lower feed costs and allow safer feeding that takes away the need for some perceived undesirable additives. Pellets may be a cheaper option for some smaller enterprises.
- **Feeding** provides a degree of vertical integration to breeding enterprises with yoyo profits more stable. When prices are low, feeding is more profitable and breeding profits increase as prices rise.

## *Some recommendations:*

1. When sourcing stores (particularly when not breeding) be prepared to contract or use futures.
2. Source cattle that will finish to specifications in 70-90 days. Every extra day costs 1.6 c/hd/day for steers and 2c for heifers.
3. Treat with HGP's strategically. Lean/muscled types need less than fatter cattle.
4. Use both sexes but plan to feed heifers for a shorter period and buy at a discount. Eg last year I needed a 31c/kg live discount to break even with steers when fed for 125 days. This year a 28c discount was needed for 105 days fed. The market priced them at only a 15c discount.

5. Muscling premiums do exist and they are worth pursuing but muscling pays primarily because dressing % rises as muscling increases. Eg "C" typically dress 54%, "B" 56% and "A" 59%. Beware of low fat on heavy muscled carcasses.
6. Analyse your records in order to select better cattle and vendors. I use carcase growth rate to rank vendors and lines of cattle, but I would use conversion and feed efficiency data if I could collect the information. My best vendors supply cattle that perform >20% better.
7. Source cattle from herds using appropriate EBV's. My preference is the Supermarket \$index. I also value vendors using NFI sires.
8. Proximity to either the source of feed or cattle and abattoirs is desirable. To be far from any may require a premium price.
9. Use a good consultant or keep in touch with other feeders and breeders.
10. Be flexible. Opportunities do exist to feed Friesian and older beef steers and occasionally leaner cows.

