

Cattle Business in Mississippi – September 2008 **“Stocker Cents” article**

Mississippi Homeplace Producers Feeder Calf Sale: Success

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After several years of discussion and a full year of diligent work, cattlemen from across Mississippi accomplished a major advancement in marketing their feeder calves; the first Homeplace Producers board sale. It was held on August 4th at the Southeast Mississippi Livestock Auction in Hattiesburg. The cattle were represented in 26 loads varying in weight, type and management. The sale lasted only one hour and generated **\$1.4 million** in total receipts. The cattle will be loaded at several different locations from Prairie to Hattiesburg through late October.

Weaned and preconditioned steers, including those in split loads, sold for an average of \$109.05/cwt at an average weight of 695 pounds. Weaned and preconditioned heifers, including those in split loads, sold for an average of \$103.87/cwt at an average weight of 640 pounds. Two un-weaned loads also sold, 575 pound steers at \$107.00/cwt and 540 pound heifers at \$99.50/cwt. Full loads of steers averaged \$109.50/cwt at an average weight of 700 pounds while full loads of heifers averaged \$107.00/cwt weighing an average of 653 pounds.

For the week of the sale, prices on feeder steers at Mississippi auctions were \$1 to \$3 higher than the week previous. Mississippi feeder steer prices for that weight range (600-700 pounds) were \$96-\$106/cwt while feeder heifer prices for the same weight range were \$88-\$96/cwt. So, calves in this sale averaged \$3/cwt on steers and \$7/cwt on heifers above the top market prices for all other feeders sold in the state that week.

Beyond the increase in price per pound by marketing through this sale, revenue was also increased in other ways. Shrink (weight loss) for most loads was set at 2% and two loads were sold with no shrink because they were to be shipped 50 miles prior to taking the pay weight. By controlling shrink prior to pay weight determination, fewer dollars will be lost compared to some other marketing strategies. Additionally, commission for the sale was set at 2%. In some cases, this is a significant cost savings and results in yet another increase in revenue.

A \$5.00/cwt price slide will adjust loads that exceed the agreed pay weight after shrink. This will protect buyers as well as the reputation of future sales. For example, if a load sold for \$110.00/cwt at an average of 700 pounds, the price will remain \$110.00/cwt for any average less than 700 pounds. However, if the load averages 701 pounds at delivery, the price will be adjusted to \$109.95/cwt. In the same scenario, if the load averages 720 pounds at load-out, the price will be adjusted to \$109.00/cwt. Another way to think about the slide is that for every 20 pounds above the listed sale weight, the sale price will be adjusted down \$1.00/cwt.

The sale was also broadcast over the internet and was viewed by many potential buyers across the country. Bids were not taken over the internet but this will hopefully be another step in demonstrating the quality and value of feeder cattle produced in Mississippi. Calves were consigned from several communities including Bay Springs, Belden, Carriere, Conehatta, Covington, Ellisville, Forest, Hattiesburg, Louin, Macon, Magee, Mantachie, Morton, Moselle, Ovett, Philadelphia, Prairie, Raleigh, Rose Hill, Seminary, Soso, Starkville, Stringer, Taylorsville, West and Wiggins. Each group of consigners had the choice to use their local marketing agent assuming they would agree to represent the cattle under the same terms.

The producers involved consider this sale to be a great success in capturing full value for the management they put into these calves. As they plan for next year, there is plenty of room for improvement. Increasing the volume of cattle offered is one of their main objectives that will hopefully attract more buyers. The Homeplace Producers Sale is not exclusive and is open to any producers who agree to the terms and conditions and can be fitted with a load in their area. Consider changing management practices (calving season, vaccination and herd-health protocols, weaning, preconditioning and genetics) that will make it easier to use this sale as a marketing tool in years to come.

Also consider meeting with one of this year's consigners in your area to discuss their opinions and how to participate. Several producer and educational groups have helped the Homeplace Producers with their sale and are willing to discuss the results or opportunities for participation next year. Please feel free to contact representatives of the Mississippi Cattlemen's Association, Mississippi Farm Bureau Federation, Mississippi Beef Cattle Improvement Association, or the Mississippi State University Extension Service. Individual load information, terms and conditions, more detailed results and a video of the actual sale can be found on the Internet at <http://msucares.com/livestock/beef/feedercalf.html> .