Cow-calf producers must decide between bulls and steers

Source: Kenny Burdine, UK livestock marketing specialist

Cow-calf operators often wrestle with the decision of selling their bull calves in-tact or castrating them to sell as steers. The important management choice has financial implications either way. As producers, you need to weigh the costs and decide what’s best for your operation.

You need to look at more than economics when trying to decide to castrate bull calves. Castration may seem very inexpensive, but you should also consider the time and facilities involved as well as the stress it puts on calves.

Historically speaking, steer calves bring higher prices per pound than bull calves. There may be times when bulls outsell steers, but that is usually the exception, not the norm. Exceptions may be due to quality or lot size differences. Sometimes it may just be that buyers need to fill out a load of bulls, and they bid on the group beyond the expected price.

If you go back as far as January 2010, there hasn’t been a single month when the Kentucky average price of 550-pound bulls exceeded that of 550-pound steers. The bull discount actually got very wide at times during 2014 and 2015, but otherwise has been running in a range of $7 to $14 per hundredweight.

The current market is unique as feed costs are relatively high. High feed prices generally result in smaller price slides as operators shift towards placing heavier feeder cattle into feedlots. This results in greater value of gain and makes additional weaning weight more valuable. Seasonality also impacts the value of gain. Price slides for calves typically increase in the spring when grass demand supports lighter calf prices.

Even considering historical prices, current feed costs and other factors, cow-calf operators ultimately must decide what is best for their unique enterprise. Some producers may decide that the additional costs for working calves don’t make sense for them due to facility or time constraints. Other producers may be able to make money by purchasing bulls, castrating them, backgrounding for a time and then selling them.

This is a common way of adding value in the cattle market. Producers who typically sell bulls may want to consider the potential value they can add to their calves as they look for ways to increase profitability.

Producers should weigh all the advantages and costs of both situations. There is consistent evidence that bulls will sell at a discount to steers in the marketplace and the additional pounds bulls need to offset that can be significant. Ultimately, producers need to determine if they can capture this potential for added value.

For more information on herd management, contact the (COUNTY NAME) office of the University of Kentucky Cooperative Extension Service.

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