Wilson County Agricultural Article from Ruth Correll, Agricultural Extension Agent

Is A New Herd Bull an Expense Or Investment?

So you are considering the purchase of a new herd bull. Calf prices continue to climb and are historically higher than ever. Bred heifer prices are very strong as well. Someone recently said, “if you are in the cow/calf business now and not being profitable then you really need to choose another business.”

January to May is a time when many bull sales are traditionally held. Recent bull sales have seen some good prices that reflect current optimism in the beef business. Bull sales are like any other commodity. It is a matter of having what the customer wants.

A question often asked is "how much should I invest in a bull?" A good place to begin is how much will it cost if you don’t have a bull and end up with a herd of open cows? The bull price may seem high but we forget that the bull is “half” of the herd and is crucial to the quantity and quality of the calf crop.

I have heard the old timers talk about a rule of thumb they used to determine what they would invest in a new bull. That rule of thumb is “2 times the value of a fat steer” or "4 times the value of a feeder calf" I thought I would test this with the recent market prices. Looking at the market report for last week, 500 lb. feeder calves averaged $261.50 per hundred for a total value of $1310.00. If we apply the multiplier for feeder calves of 4 times the value of a feeder calf, then we could expect a bull value of $5240.00 to be a reasonable investment. If we use the fed steer rule and assume an average weight of 1300 lbs for a fed steer and the market price last week of $161.50 per hundred pounds, the steer would be worth $2099.00. If we apply the rule of thumb multiplier of 2 times the fat steer value, the value of a bull would be $4198.00.

So is a new bull worth the $4200-$5200? Let’s say a bull breeds 25 cows per year for 4 years resulting in 100 calves over his lifespan. With these conservative assumptions, even a small improvement in a valuable trait can greatly increase a bull’s value. Let’s say that each 500 lb calf is worth $1000 at the market based on today’s market value. That means that 100 calves might be worth $100,000 over that 4 year period.

When selecting your next herd sire, identify the traits that can add dollars to your operation. Don’t sacrifice functionality, structural soundness, docility, and other traits that can affect longevity. View purchasing a bull as an investment and treat it as such. Investing in a good bull that can improve profitable traits in your herd can allow your farm to be more competitive no matter the market dynamic. Look at weaning weight EPD’s, check the calving ease EPD’s Another figure bull buyers can look at
are $ values (Weaned Calf Value ($W), Beef Value ($B), All-Purpose Index (API), Terminal Index (TI)).

These values are expressed in dollars and if you match your herd needs with the correct index, they can help you be more profitable.

Bottomline, bulls are a significant contributor to profit or loss in your cattle herd. They have an impact now and for years to come if you are retaining replacement females. Look for traits that hold value in your market. Find a bull that can inject those traits. The "expense" of a bull can be a great investment in the future of your cattle herd.

**Agricultural Market Summary**

**Cattle Market Trends**

This week’s prices helped a few cow-calf producers realize record profits, but calf prices are not anticipated to hold at the stated levels as the market moves into April and May. Feeder steers $1 to $9 higher, under 400 lbs. up to $14 higher, $180.00-$400.00; Feeder heifers $2 to $7 higher, under 350 lbs. up to $12 higher, $180.00-$340.00; Slaughter cows $2 to $3 lower, $88-$114.50; Slaughter bulls steady to $2 higher, $129.00-$145.50.

**Grain Market Trends**

Corn and wheat were up; soybeans were mixed for the week. Corn – Cash price, $3.60-$4.06. May futures closed at $3.85 a bushel, up 5 cents. Soybeans – Cash price, $9.40-$9.99. May futures closed at $9.73 a bushel, down 1 cent a bushel. Wheat – Cash price, $4.62-$4.74. May futures closed at $5.30 a bushel, up 28 cents a bushel.

For additional information on these and other topics, contact the UT Extension Office, 925 East Baddour Parkway, Lebanon, TN 37087, 615-444-9584 or acorrell@utk.edu. UT Extension provides equal opportunities in all programs. Visit the UT/TSU Extension webpage at http://utextension.tennessee.edu/wilson or look for UT & TSU Extension, Wilson County on Facebook.

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