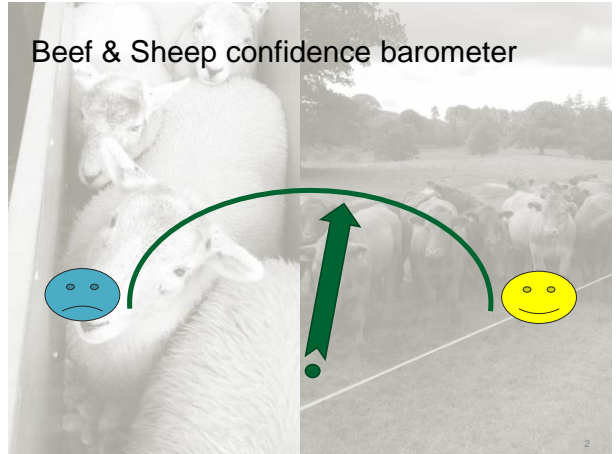




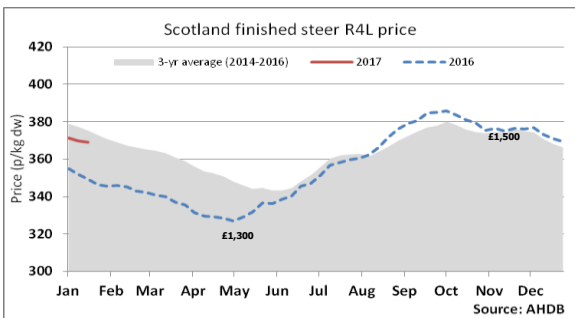
# Beef Outlook & Efficiency

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 Beef & Sheep Team – 17 Jan 2017

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## Prime cattle market



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## Cattle market



- Running ahead of the three year average
- Young Bulls (+10p on year but a wider steer diff)
- Scotch premium c.+10p/kg dwt over SEng.
- AA premium c.385/kg dwt (+15-20p but narrowing)
- Cull cows
  - Higher throughput autumn 2016 (+10%)
  - Price up 20p & 10p YoY (Dairy 230p dwt & beef 250p cows )

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## Store cattle trade



- Finishers hit by low price Q1-2 over 2years = lower price for big stores this autumn (c.-£80)
- Very good trade for well bred weaned calves
  - Store cattle price is proportionately higher than finished price = buying potential
  - Buying younger = more control and potential margin

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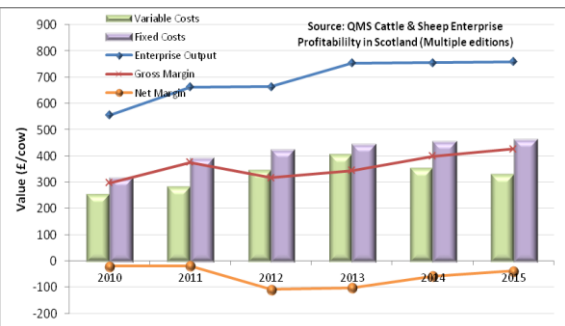
## Future cattle supply



- More hooves on the ground
  - Across all age categories (<30mth)
- Procurement agents not seeing it on the ground
  - Still enough to suppress the spring price
  - **BUT** more dairy beef south of the border – indirect effect
- **Also**
  - Higher exports likely
  - Lighter carcasses
  - Quickening throughput

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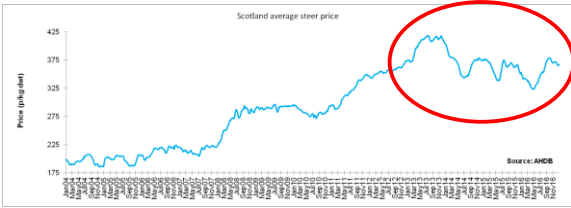
## Profitability Beef cows selling yearlings



- The best of the top producers are making a positive margin from beef
- Nonetheless it is tough and volatility knocks confidence...

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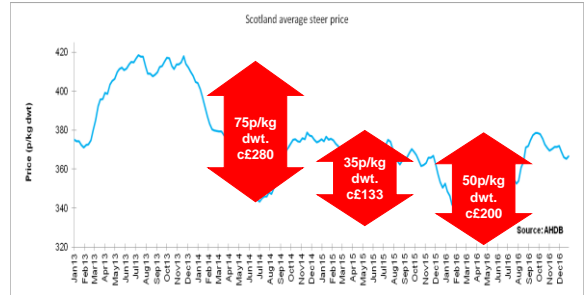
### Long-term volatility



- Key drivers:
  - Vastly lower headage payment & effectively no intervention
  - Falling national herd
  - Global beef reduction
  - Horsegate

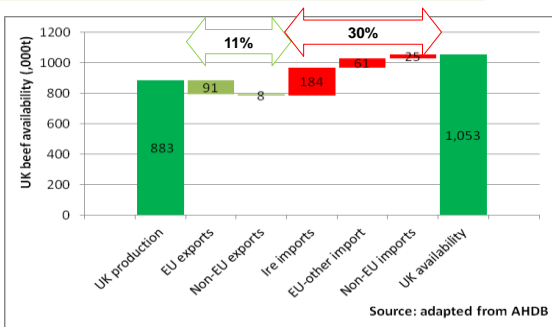
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### Long-term volatility



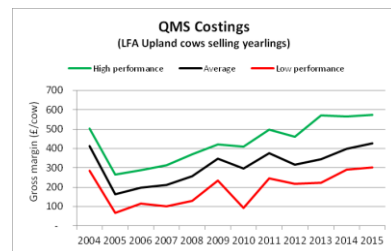
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### Beef production & trade, 2015



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### Small changes to lots of things



- Aggregate difference between the top and average for a 100 cow herd since decoupling = £140,000
- Approx. 30p/kg lwt on all cattle off farm, **in theory!**

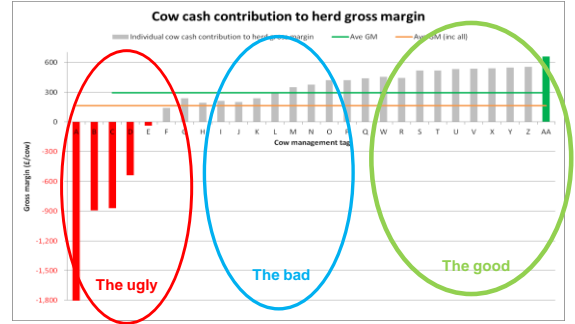
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## Turning the ship around

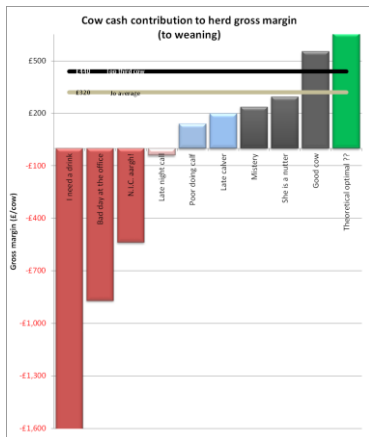


- Assuming the right type of bull is on farm!
  - Bull out Summer 2016
  - Calving Spring 2017
  - Heifer offspring to bull Summer 2019?
  - Heifer calving Spring 2020
  - Finisher produced Spring 2022?
- That replacement heifer is only 50% of the 'new/revised' genetics
  - It will take +10 years to reflect a new breeding policy

## Super cow project



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## Probability



- Probability (risk)
- Cannot eliminate risk but we can manage it better
- Consider calved heifers separately

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## No time to wait

- QMS costings, cattle rearer finisher (crop 2015)



Rearer finisher	crop		2015	
	Bottom 1/3	Average	Top third	Diff
Calf output after valuation changes	885	989	1060	
Subsidies	67	66	66	
<b>Gross output</b>	<b>952</b>	<b>1055</b>	<b>1126</b>	<b>174</b>
Less net replacement costs	86	69	59	
<b>Net output</b>	<b>866</b>	<b>986</b>	<b>1067</b>	<b>201</b>
Purchased concentrates	98	104	56	
Home-grown concentrates	102	81	97	
Rouages purchased	38	51	43	
Forage	120	107	103	
<i>Total feed and forage costs</i>	<i>358</i>	<i>343</i>	<i>299</i>	<i>-59</i>
Veterinary	59	55	42	
Bedding	47	52	32	
Other costs	42	46	55	
<b>Variable costs</b>	<b>506</b>	<b>496</b>	<b>428</b>	<b>-78</b>
<b>Gross margin</b>	<b>360</b>	<b>490</b>	<b>639</b>	<b>279</b>

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## Where technology can help



### EID

- Logging data is only useful if it is used
  - Otherwise it is inefficient!
- Speed up the recording process at the crush
- Encourage recording of (additional) information
  - Cow efficiency
  - Calf performance

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## Calf performance



- Weaned calf
  - Target gain 0.6kg DLWG (?) x 100 in shed = 60kg
  - The shed should be making c.£140/d
- Fwd store and yearlings not heading to grass
  - Target gain 1.1kg DLWG (?) x 100 in shed = 110kg
  - The shed should be making c.£240/d
- **BUT ARE THEY?**

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### Ration formulation

- 380kg

	Average silage 0.6kg DLWG	Poor silage 0.6kg DLWG	Assumed ave. but poor 0.3kg DLWG
Grass silage	17.0	15.0	15.0
Barley (Mineralised bruised)	1.5	2.5	1.5
Dark grains	0.5	0.9	0.5
<b>Cost per kilo of gain</b>	<b>£0.89</b>	<b>£1.20</b>	<b>£1.70</b>





Thank you

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