

TRADING PROFITABILITY IN BULL BEEF: SKILL OR LUCK

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BACKGROUND

I'm actively farming in the Koputaroa District north of Levin, on soil types consisting of loam, silt loam, peat and sand flats, broken by ridges, on 460 hectares in five separate blocks, all freehold. As well, 120 hectares in two blocks are leased nearby. Due to neighbouring farm purchases in the past 12 years, decisions affecting stock sales and purchases have sometimes been made to accommodate financial arrangements.

Approximately 1,800 bulls are farmed, with approximately 1,200 killed per year usually as 2 or 2½ year olds. 400 cows are milked in one herd as well, with most calves reared as replacements for either the dairy or beef operation.

Two married men, living on the farms, handle the cows and help with dehorning and some drenching, if required. Hay feeding, if necessary, is also shared if large quantities are fed during floods or wet spells.

I tend to run the bulls myself although some casual labour is available if required. Most of the effort, from the three of us, is concentrated on stock work. New fencing, draining, thistle spraying and top dressing are contracted.

FARM MANAGEMENT

No cropping or silage is made and only limited hay, depending on grass surplus — usually none, as maximum animals are carried all the time. 30 tonnes of fertiliser in total is applied, with most areas never having had any. Currently 2 cwt/acres (0.2 t/ha) is applied on the dairy unit. Straight superphosphate is used, although applications of up to 4 cwt/acre (0.4 t/ha) of 30% potassic super have been tried previously.

Some disc-drill oversowing had been tried with only marginal results; I refer here to the peaty soils where moisture and consolidation seem to affect germination, if seed is sown in the autumn. Late winter drilling, seed germinates well, but the drying summer/autumn period can counteract this advantage. With 12 Mains Unit operating, most fences are electric and most drains are also fenced off from stock. A total of 6 metal races, fenced separately, have been constructed on all the blocks and most paddocks are two hectares in size. Good cattle yards, complete with dehorning bails, and most importantly, long drenching races, have been strategically built, for continual sorting and management of the cattle. Mob sizes vary from 15-200, depending on size and time of the year.

Front and back fencing, short rotations and set stocking are varied during the season and the soil type.

Regular drenching is practised as often as every 17-20 days, on the weaners, in the spring. Usually the cheapest drench is used and occasionally minerals, especially selenium and copper, are added. Most 18 month cattle are drenched three times (autumn, winter and spring), and the odd ones have to be kept separate and go onto a fortnightly programme in order to clear them up.

Because of the time needed and the numbers farmed, no weighing is ever done — very dubious benefits in my view anyway. However, sorting for size is carried out frequently in order to keep the cattle nearest to killing, on the best feed available.

STOCK POLICY

Buying and selling aspects are shown in Table 1 and 2. I like to buy throughout the 12 months and am always 'on the Market' for any cattle, no matter what age, size, condition or breed, as long as I am buying value for the type purchased.

Most spring purchases, usually yearlings, are grazed out for 3-9 months and sold 15 months later. Obviously, grazing costs (\$1, \$1.50 or \$2/week), and interest, are taken into account at purchase time, although over a few years, the swings balance out. We have unpredictable springs and summers, like most districts, and these obviously affect the store market a great deal.

Gross replacement profit averages from \$260-\$340 per head, depending on the numbers sold and the cut off killing weight. Generally I don't like to kill bulls under 240 kg, although feed and the cost of replacements, plus premiums, affect this decision.

Table 1: Selling policy for bull beef trading profitability.

When?	Why?	HOW?
Premiums	Cash flow	Policy
Before stoppages	Prices good at time	(a) Stores
Committed supply	(a) Market short of supply	(b) Killed (emphasis in this paper, to kill)
Out of season (less competition for a higher price)	(b) O.S. market good	Per head or perkilo
Cattle ready	(c) Low exchange rate	Contract
(a) Fed well as programmed with management	Normal Policy (selling)	(a) Weekly
(b) Slow growers	Normal replacing, or,	(b) Monthly
(c) Bad investments. ie: wild, sick, etc.	(a) Sooner than usual	(c) season- say 9 months
'Gut Feeling'	(b) As planned	Casual or Regular basis
(a) Right thing to do?	(c) Gambling stock are 'good buying'	(a) Discuss price when ready
(b) Bail out quickly!	Weather	Biggest and heaviest animals
	(a) Feed on hand	Fast or slow growers
	(b) Drier soils	Numbers per draft
	(c) Time of year	(a) Singularity
	Gut feeling (right thing to do at the time)	(b) Unit loads (30-40)
		(c) Mobs (50 or more)
		Through Agents
		(a) Firms (stock)
		(b) Meat companies
		(c) Private buyers
		Saleyards with competition from:
		(a) Farmers
		(b) Works' buyers
		(c) Stock Agents
		(d) Gamblers or Scalpers (USA name)

Table 2: Buying policy for bull beef trading profitability.

When?	Why?	How?
Programmed replacement policy	Too much feed (panic situation & very dangerous)	In small numbers
Appear cheap	Credit at Bank	By phone (good contacts with good descriptions)
Buy and sell on same market	Plenty available (cheap?)	Privately
When other farmers aren't	Keep numbers up	Agents
During droughts (a good time)	Suitable types on offer	Saleyards
During early winter	Farmers selling at discount because	Per head or per kilo
(most cattle on market then. i.e: 'flooded')	(a) Have too many	Different sizes and types (ie av. price)
Outlook indicator good (personal opinion)	(b) Want money	
Type of stock you require are available	(c) Price trends too good to last	
(a) Age	(d) Making silage or hay	
(b) Size	(e) Sick of them	
(c) Breed	Farm on and then resell	
(d) Condition	Pressure from Stock Agents	
	Maintaining a yearly buying contract	
	Most importantly, grazing out available	

With the current price of replacements now dearer than a year or two ago (supply and demand), I am tending to feed all stock better, and either kill at heavier weights, or kill sooner, if they have been fed well.

All my selling stock are killed and I usually know 4-6 months in advance when certain mobs will be trucked. Initially mobs are sorted for approximate weight and farmed accordingly. A day or two prior to trucking day these mobs are yarded and the smallest bulls are taken out and left behind to grow on. Despite these being the slow growers in many cases, they are in turn mobbed together and farmed accordingly. Occasionally the hard to cure scouring ones, or 'my enemies', are sent off regardless.

I tend to now always truck on Sundays, as there is less pressure on carriers and the Monday kill is very seldom stopped at the Works. Sorting can be done on the Saturday and the numbers required, usually 33 or 36, can be left, still in their smaller mobs, near to the yards. These are never mixed until they meet in one of the truck pens.

I also like to keep the truck and trailer lots, usually half and half, separate within the Works, although personal treatment of cattle varies from plant to plant.

This stock policy has been followed to implement a low labour, all grass system, at low cost.

The fluctuating exchange rate, the emphasis nationally in farming bulls and the higher interest rates, suggest to me that obvious small changes may be needed in my present system. These would probably include: (a) higher selling weights, (b) more emphasis on production and less on trading and (c) spreading my kill throughout 12 months.

Table 3 summarises the important points for trading bull beef profitability.

Table 3' The 20 goodies: Important general points needed for trading bulls profitability

Good telephone	Good communication skills
Good Bank Manager	Good Meat Export Co.
Good Stock Agent	Good Works Buyer
Good Cattle Yards	Good Drench Guns
Good Neighbours → pass on tips, buy for you. clear yards if away. more stock if required.	Good 'eye' for snips
Good at making quick decisions	Good anticipation of weather (shortage or surplus looming)
Good electric mains units	Good fenced races
Good cattle district	Good fertile soils
Good stock management	Good speed around yards dangerous if not.
Good sense of humour → 10 cents drops in schedule day before trucking, broken legs. Works space cancellations.	GOOD LUCK