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Association Commentary

by Bob Hough, RAAA Executive Secretary

High Corn Prices

Today we face what may be a whole new paradigm in the beef industry of sustained high grain prices. If we are truly going to achieve the targets President Bush has set for ethanol production, high corn prices will be assured. At the same time, the National Beef Quality Audit has demonstrated that we are producing too few premium Choice and Prime carcasses, while producing an excess of Select carcasses. Frankly put, our commodity cattle just do not grade high enough, and adding insult to injury we are producing far too many Yield Grade 4 carcasses. What is the answer to this rather gloomy situation?

First of all, we need cattle that can be back grounded and produce more pounds on grass or by-products instead of grain without becoming so large framed that they are destined to produce overweight carcass. This means utilizing more moderate framed, moderate growth cattle like Red Angus. For those that had written off back grounding in favor of all calf feds, they had better re-sharpen their pencils. Back grounding will return with a vengeance, and commercial producers need to have their breeding programs prepared for this reality. For commercial producers, Dwight D. Eisenhower may have said it best, "The middle of the road is the entire usable surface while the left and right are in the gutters."

Producers will also have to have cattle with the genetics to grade with shorter days on feed and less energetically wasteful backfat. Red Angus is simply the best at accomplishing this task. I am not saying Red Angus have the most of anything, but I am saying that field data, studies and practical experience have shown that, on average, a feed yard can get a pen of Red Angus to grade with less Yield Grade 4s than any other breed. This makes them ideal for the reality of high corn prices. When we started the Feeder Calf Certification Program in 1995, it was during another time of high grain prices. Our grid with Monfort

empowered the feed yard manager to schedule cattle for processing when they felt they were ready, instead of when the packer buyer felt they were ready. At that time, all yearlings were fed a minimum of 120 days. The feed yard managers started shipping the Red Angus with fewer and fewer days on feed without hurting Quality Grade. It really opened a lot of eyes to Red Angus, and is a prime example of why Red Angus fit so well in today's reality of high grain prices.

One of the other priorities in the future will be producing low maintenance cattle while still maintaining appropriate income traits (growth, milk) for the environment in which the cattle are being raised and marketed. Red Angus is the only breed that has developed and made available a Maintenance Energy EPD. Our industry has always been fixated on revenue traits like who has the highest weaning weights while ignoring the possible costs that come with larger mature size, higher milk cattle. Today, there is an EPD to balance revenue and costs, so a breeder can fine tune his/her cattle to their environment. Again, the middle of the road is a good place to be, and Red Angus having a Maintenance Energy EPD puts the breed ahead of the curve in response to high corn prices.

My crystal ball cannot tell all of what the future will bring. It is clear that we need more cattle that will grade, less Yield Grade 4s and will likely have to accomplish this with higher grain prices. This may not be good news for the beef industry on the whole, but it is great news for the Red Angus breed. Red Angus is custom built for this scenario. Our cattle will grade with respectable Yield Grades. We have improved carcass traits without making the cattle "hard doing." We have the tool in the Maintenance Energy EPD to select cattle for efficiency and environmental fit. And most important, Red Angus has not chased fads or gone to extremes so our cattle are versatile enough to be back grounded. Red Angus are definitely right for the times. ■