

Topic of the Month

Bull Calves

We all know that the price of dairy bull calves fluctuates from good to bad, but usually bad. Some farms decide to keep and raise the bull calves for beef when prices are low. I've often wondered if this is, economically, a good idea, so we recently ran some numbers.

It is generally pretty well accepted that it costs about \$2.50 per day to raise a calf. That includes the price of feed, medicine, housing and labor to raise the calf. A Holstein bull calf, therefore, would cost about \$375 to get to 5 months old, or about 350 pounds. If you were to sell that 350 pound calf, you would get between \$300 and \$350 for it, on a good day. You could have sold it at birth for, on average, about \$60. As you can see, you would probably lose about \$100 on every calf you raise to 350 pounds.

If you raise them longer, you might lose even more money, depending on the price of feed. 20 months at \$2.50 per day would cost around \$1,500 for an animal that would bring \$1000 for beef, on a good day. That's assuming you can finish a Holstein steer at 20 months or at \$2.50 per day with \$7.50/bu corn. They are notoriously slow to finish.

If you are not in expansion mode and have room to raise calves for beef, consider breeding some of your bottom end genetics to beef instead, or even transferring some cull genetic beef embryos. We have some available for sale at a reasonable price. Feel free to contact us for more details.

Commodity Futures

Source: CME

Corn (Dec) as of Nov 30	\$7.48
Soybeans (Jan 13) on Nov 30	\$14.39
Soybean meal ton (Dec) Nov 30	\$442
Cheese (Nov) Nov 30	\$2.01
Class III milk (Nov) Nov 30	\$20.80
Class III milk (Dec) Nov 30	\$18.74
Class III milk (Jan 13) Nov 30	\$18.79

Upcoming Events

Winning the Game: Post Harvest Marketing

Challenge: Workshop developed by the University of Minnesota Center for Farm Financial Management. Sponsored by Elderton State Bank and Penn State Extension December 23 10AM to 3PM; Dingbats Restaurant 2334 Oakland Avenue, Suite 47, Indiana, PA Phone: 724-548-3447 (Free) Explores the issue of "to store or not to store?"

In The News

Profitability ratio continues to rebound from a deep hole

From Dairyherd.com

November's milk-feed ratio is still indicative of a bad situation in the dairy industry, but a marked improvement from the ratios posted this summer.

On Friday, the U.S. Department of Agriculture reported the preliminary ratio for November stood at 1.79.

Traditionally, it was believed that the ratio needs to be 3.0 or above before it's profitable to dairy. But the dynamics of the industry appear to have changed enough that ratios in the 2.0-to-2.2 range are now considered "the good old days."

In 2011, generally considered to be a good year for dairy farmers, the highest the ratio got was 2.14 in March that year.

Some people question how valid the USDA's milk-feed ratio is. But the USDA has been using the same formula for years, comparing the same commodities. Therefore, it can serve as a relative measure for comparing different points in time.

Practice News

- Dr Welch will be representing the AABP at a meeting of the National Food Animal Veterinary Institute in Kansas City Missouri December 12-13. NFAVI strives to improve the veterinary business model to meet unmet needs in the market place and insure an adequate number of veterinarians to fill positions in rural veterinary practice