



# NEWS

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## **Feed Efficiency—The Best Way to Cope with \$4.00 Corn**

*By Wayne Vanderwert, American Gelbvieh Association Executive Director*

According to recent reports, current corn ending stocks are at their second lowest level in 45 years. Higher corn prices have had an immediate and major impact on feeder cattle prices. There is speculation that we're in this for the long haul; in other words, we can expect feed costs to be at a higher plateau for years to come.

The environment we work in has changed. It always has been the size of the corn crop, livestock numbers and the export markets that pretty much dictated the corn price. Now crude oil prices will be one of the factors we'll watch closely as the country finds an economic equilibrium between oil and ethanol in the years to come.

The most recent Cattle on Feed report indicates a shift toward placements in the north and fewer in the south as proximity to ethanol plants impacts cost of gains.

Years ago I heard cattle people say that high corn prices meant high cattle prices, that cheap feed wasn't necessarily good for the cattle industry. I always had to scratch my head on that one, as that statement seemed to fly in the face of common sense.

Thinking about it, there is some truth in this old adage. First, high grain prices offer the greatest incentive for feedlots to stay current. One only needs to look at the graphs of average carcass weights and the increase in Yield Grade 3s and 4s in recent years to figure out that we've come through a period of relatively cheap corn. Fed cattle prices have been higher than the cost to add a few extra pounds. Feedlots responded, increasing the tonnage on the market, which in-turn provided packers with an excuse to beat-up feeders in the marketplace.

High corn prices also put more pressure on competitive meat production, pork and poultry. Cattle have an advantage, we can fall back to increasing forage utilization and shorten the dependence on grain, but you can't run the chicken flock on wheat pasture.

Beef and dairy cattle also can utilize the distiller's byproducts from ethanol production, wet or dry. There are greater limitations, even using the dry product, for hogs and broilers. The biggest obstacle is that the amino acid profile of the distiller's product is so similar to that of the protein in corn that it does not serve as a good protein supplement for non-ruminants.

Within beef breeds there are differences in **feed efficiency** that will become increasingly important in this environment. Just as consumers have readily moved away from the gas-guzzling SUV, feeders will no doubt seek the breeds and breed combinations that are going to feed more cheaply, and convert better than the “corn-guzzlers” that have been popular recently. All of this makes the case for Gelbvieh influence and the documented advantages we’ve always touted for SmartCross® cattle.

Meat Animal Research Center data, as well as research at many universities, support the theory that the leaner, growth breeds, including Gelbvieh, have the edge in feed efficiency. British breeds deposit more fat; energy-wise that comes with a high price tag.

Data from the Gelbvieh Alliance clearly shows the advantages of combining Gelbvieh and British breeds, Angus or Hereford, in a designed crossbreeding program. This data was the basis for the development of the SmartCross® system and our promotion of the Gelbvieh breed as a component in crossbreeding.

The Alliance data, real-life data on thousands of cattle fed in major feed yards, provides proof that cattle that are 25 to 50 percent Gelbvieh with the remainder British, excel with higher average daily gains and better feed conversion rates than straight bred British cattle. This equates to substantially lower costs of gain—more important in this new feed cost environment.

Coincidentally that same mix of Gelbvieh and Angus provides the right combination of desirable yield grade and quality grade. Combine that with the cost of gain advantage and you have the best recipe for profitability in this situation.

At its recent Outlook Seminar, Cattle-Fax built a compelling argument that higher feed costs are not a short-term phenomenon. Crossbreeding with Gelbvieh makes sense for a number of reasons: it pays dividends for commercial producers over the long haul; cows with more productivity; feeder calves with more value; and fed cattle that hit the target.

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