

LIVESTOCK

Auction Barn Premiums and Discounts in Oklahoma

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As input prices continue to rise for cow-calf producers, it is increasingly important to maximize revenue when marketing calves.



Most cattlemen recognize that large-framed, heavily muscled, black-hided cattle receive a premium at auction, and there are many reports to support that observation.

Some producers have also noted that calves bring more money at larger auction facilities. However, there is little information about the effect of auction barn size on price; and, if there is a premium, is it enough to offset the added cost of transportation? In addition, producers often question whether management practices such as castration and dehorning are worth the extra cost.

To answer these questions, we have collected sale price data to evaluate the effect of auction barn size and some selected traits on the sale price of calves in Oklahoma. Auction barns were categorized as "large" if they marketed more than 1,000 head per week on average and "small" if they

	Discount/Premium (\$/cwt)	Discount/Premium (\$/500 lb calf)
Hide Color		
Black	\$4.15	\$20.75
Smoke	\$4.42	\$22.10
Red	\$0	-
Other	(\$12.70)	(\$63.50)
Auction Barn Size		
Large Auction Barn	\$2.21	\$11.05
Small Auction Barn	\$0	-
Sex		
Steer	\$0	-
Bull	(\$9.18)	(\$45.90)
Heifer	(\$7.53)	(\$37.65)
Horns		
No horns	\$0	-
Horns	(\$3.10)	(\$15.50)
Comments		
No comments	\$0	-
Comments	\$3.20	\$16.00

marketed fewer than 1,000. Two large and two small auction barns were randomly selected, and data were collected on 1,001 lots, representing over 13,000 calves.

About 70 percent of the calves marketed were black, 16 percent were smoke-colored, 13 percent were red and the final 1 percent included all other colors. Black and smoke-colored calves received a premium of \$4.15 and \$4.42 per hundredweight, respectively, when compared to calves with a red hide.

Our survey confirmed that calves marketed at large auction barns do sell at a higher price. All other traits being equal, we observed a premium

of \$2.21 per hundredweight when compared to the smaller barns. However, this may not be enough to cover the added costs. For example, if shipping 20 head of 500-pound calves costs more than \$221, the premium would not offset the additional transportation cost.

As expected, steers received a higher price relative to bulls (discounted \$9.18 per hundredweight) and heifers (discounted \$7.53 per hundredweight). This means that a 500-pound steer is worth \$46 more than if it was left as a bull. If you can castrate your calves for less than \$46, there is profit to be made.

Dehorning calves can also add ►

additional profit. Cattle without horns received a premium of \$3.10 per hundredweight or \$15.50 on a 500-pound calf.

A premium that is often overlooked is a good relationship with the person selling your cattle. In our survey, when the auctioneer commented on the calves being sold, they brought \$3.20 per hundredweight more.

Be aware that these premiums are additive. Depending on the type of

calves you start with, there is potential to add a significant premium to the selling price. For example, a black, horned bull sold at a small auction barn would be discounted \$17.69 per hundredweight compared to a black steer with no horns that was sold at a large auction barn following comments by the auctioneer. That is over \$88 per head on a 500-pound calf.

This study was not designed to include all potential premiums.

Additional opportunities, such as preconditioning, exist to add value to your calf crop. Understanding how management and marketing decisions can affect premiums will allow producers to evaluate the profitability of these practices. Discounts and premiums vary with feeder cattle supplies; when planning for the long-term, consider management practices that increase the value of your calf crop. ■