

SUMMARY OF Profitability of Retained Ownership: Tennessee Beef Evaluation

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Retained ownership is a marketing strategy that allows producers to own cattle beyond weaning. The Tennessee Beef Evaluation Program assists Tennessee cattle producers in retaining ownership of their cattle through the feedlot. University of Tennessee (UT) Extension personnel coordinate the process whereby producers consign and ship cattle to one of several Iowa feedlots participating in the Tri-County Steer Carcass Futurity Cooperative (TCSCFC) headquartered in Lewis, Iowa, where the feeding phase begins. At the end of the feeding period, packers purchase cattle from participating feedlots based on a grid pricing system.

This study evaluated data collected from November 2004 through February 2015 on 2,303 steers and 698 heifers shipped from Tennessee to one of 11 TCSCFC feedlots through the Tennessee Beef Evaluation program. Ten heifers and 38 steers died during the feeding phase, resulting in a feedlot death loss of 1.7

percent for steers and 1.4 percent for heifers. Total retained ownership profits (when accounting for death loss) were positive in eight of the 11 years analyzed, with an average return of \$35/head (Figure 1). Retained ownership was most profitable in years 2005 and 2014, with an average profit of \$206/head (Figure 1). Retained ownership was least profitable in year 2013, with an average loss of \$76/head (Figure 1). Average retained ownership net returns of heifers were higher than steers in six of the 11 years (Figure 2). Overall, retaining ownership of cattle was profitable 65 percent of the time. Specifically, retaining ownership of steers and heifers was profitable 63 percent and 71 percent of the time, respectively. Retaining ownership of cattle was profitable, on average, in all placement seasons for heifers and was profitable, on average, in all placement seasons for steers, with the exception of summer (Figure 3). This indicates that retained ownership is a marketing alternative that should be considered by Tennessee cow-calf producers.

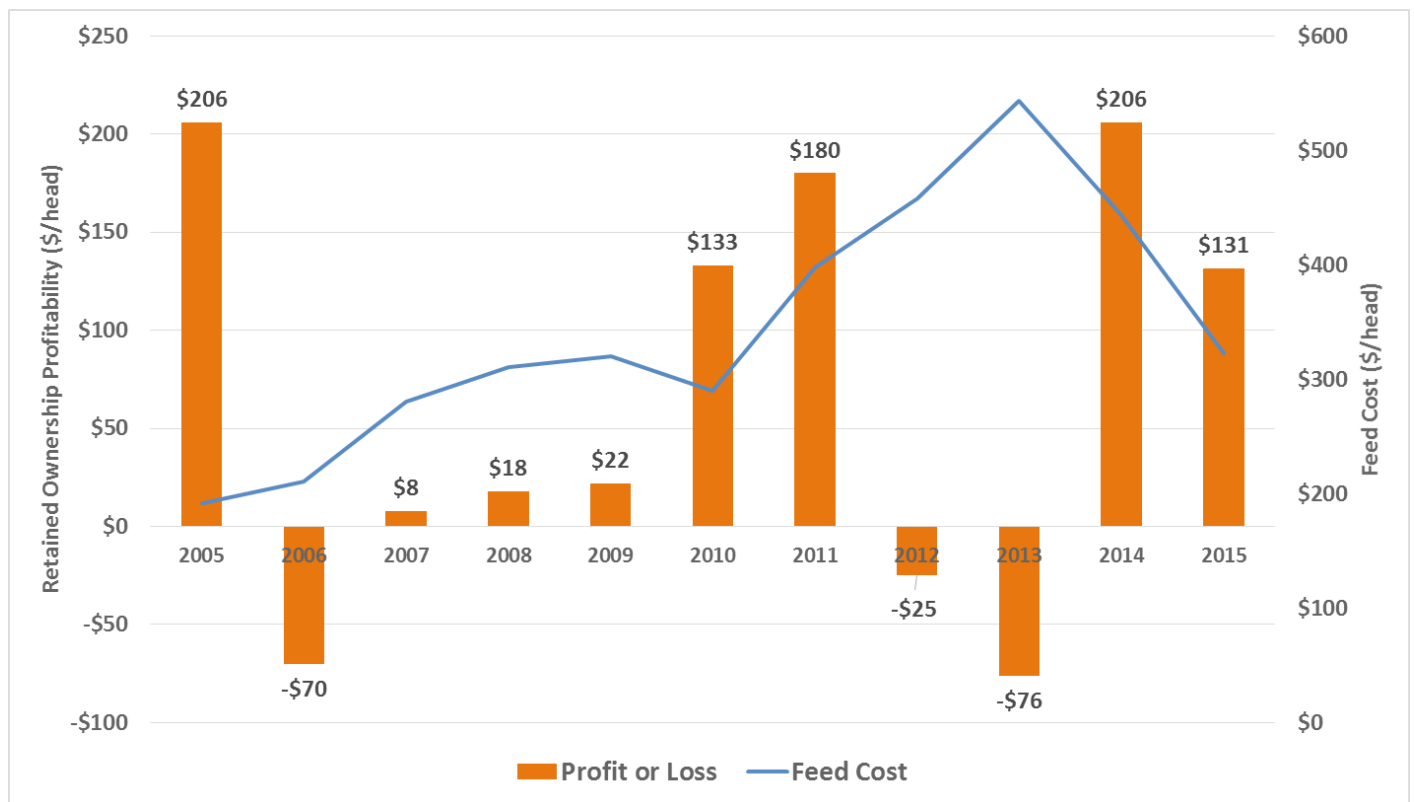


Figure 1. Retained Ownership Profitability by Harvest Year (\$/head).
Note: Feed cost is equal to the cost of feed (\$/head) of the animal while in the feedlot.

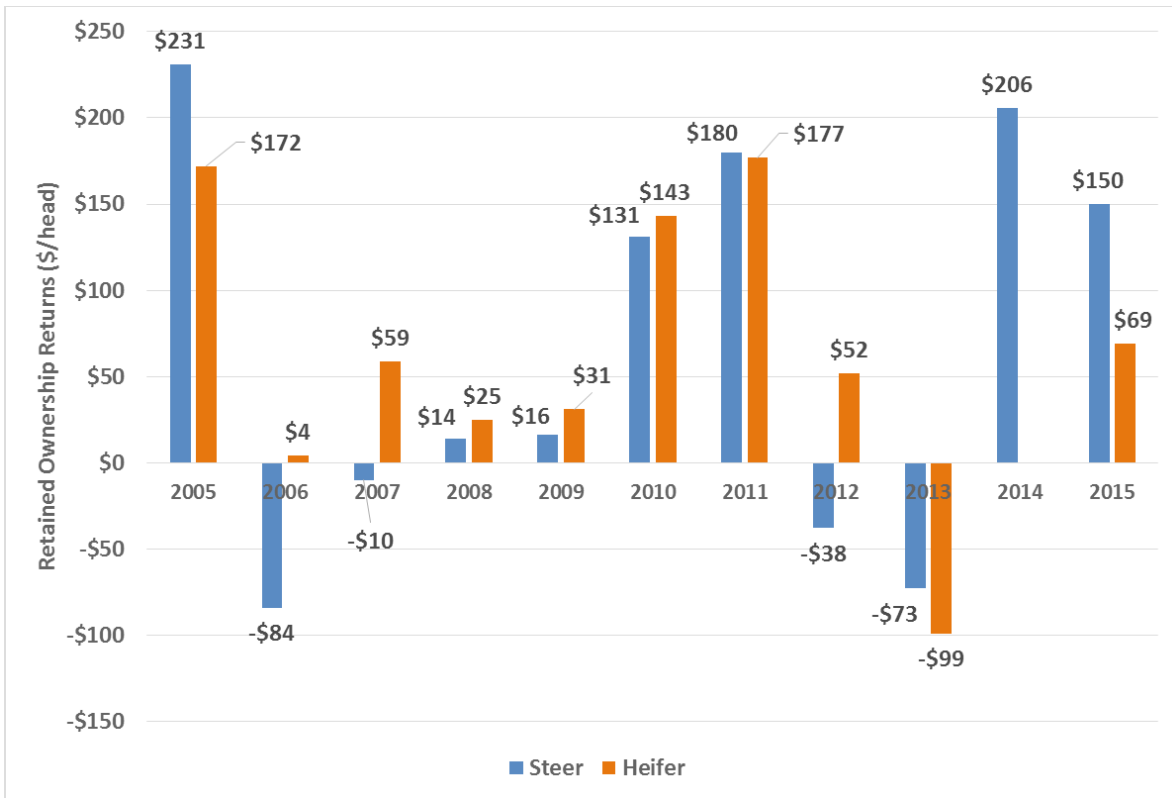


Figure 2. Retained Ownership Profitability for Steers and Heifers by Harvest Year (\$/head).

Note: No heifers were retained through the Tennessee Beef Evaluation program in 2014.

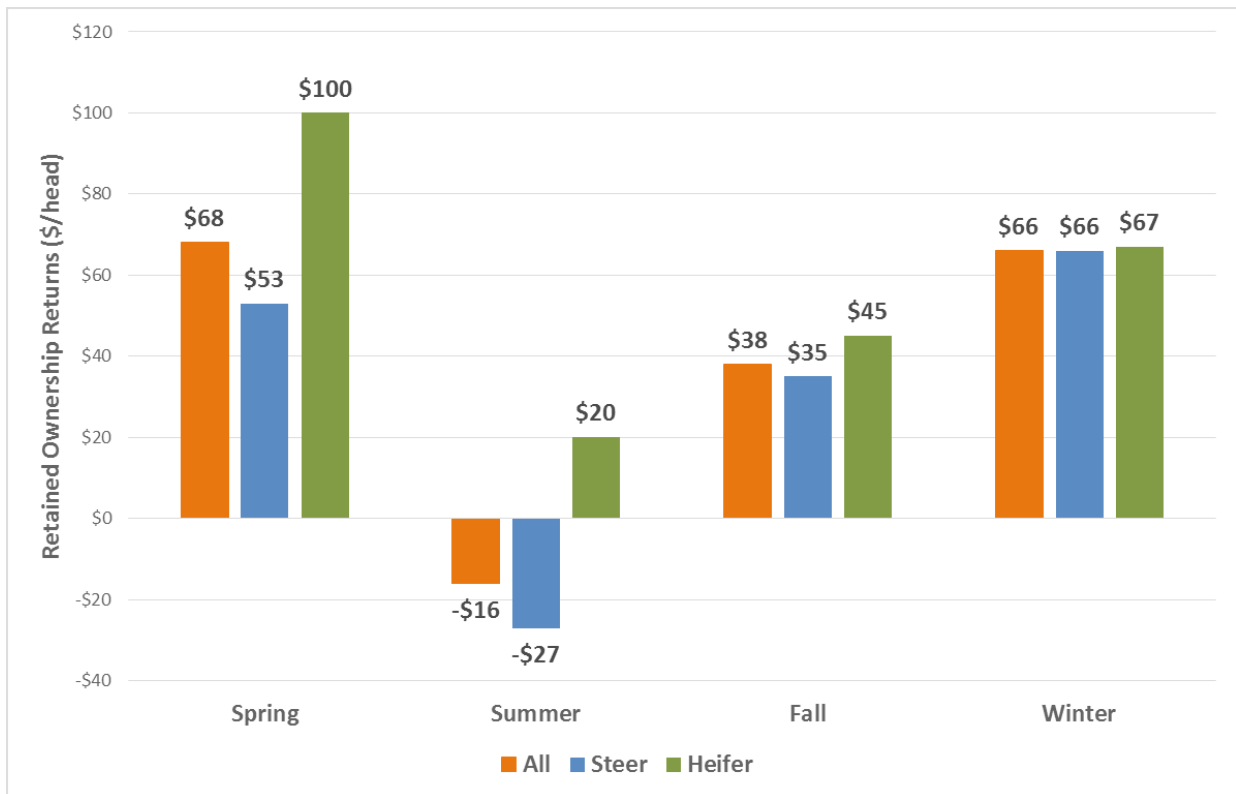


Figure 3. Retained Ownership Profitability for All Cattle, Steers and Heifers by Placement Season (\$/head).

Acknowledgments

The authors wish to thank the Tennessee Beef Evaluation program, Tri-County Steer Carcass Futurity Cooperative, and the Tennessee cattle producers who gave consent to analyze their data. Special thanks goes to Tammy McKinley from UT's Department of Agricultural and Resource Economics for her assistance in obtaining the data.



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