A BEEF BREAK DOWN

An explanation of the price you pay for beef.

Why It Takes Years to Raise Quality Beef

Many people think there's plenty of beef no farther away than their favorite food store. But it's not that simple to get high quality beef where and when people want it.

Beef supply is no accident. It's thousands of miles and 21-30 months from conception to consumption . . . from ranches to feedlots to packing plants . . . until that steak or roast is finally cut, wrapped and ready at your neighborhood food store. In between are countless management decisions resulting in profits; losses; successes; failures; huge investments; and months of long, hard work.

There's no quick way to a T-bone steak. A cow provides room and board for nine months until the calf is born . . . then five to seven months of a cow and calf on pasture to yield the calf's weaning weight of 500 lbs. Then depending on forage and economic conditions, another 3 to 8 months of hay, grass and crop residues are needed to result in feedlot ready cattle between 650 and 850 lbs. After 3 1/2 to 6 months on grain, protein, supplements, hay and silage, an 1,150 lb. feedlot-finished steer is ready for processing.

An 1,150 lb. steer doesn't yield 1,150 lbs. of beef. On the average, that steer yields a 714 lb. carcass. Approximately 146 lbs. of fat and bone are trimmed off leaving about 568 lbs. of retail beef cuts.

Very little of the other 582 lbs. is lost, however. It includes about 27 lbs. of variety meats (liver, heart, tongue, tripe, sweetbreads and brains), plus by-products that are used in a variety of foods, cosmetics, clothing and a host of manufactured items. These by-products are also an important source of life-saving, life-improving medicines such as insulin and heparin.

Retail prices of beef must cover the price paid to the producer, cost of processing, refrigeration, transportation, rent, taxes and labor.

BEEF

Wisconsin Beef Council
632 Grand Canyon Dr.
Madison, Wisconsin 53719
www.beeftips.com

Why the Price of Beef Goes Up and Down

Supply and demand set the price for beef cattle. But unlike most manufactured products, beef prices fluctuate up and down because the supply cannot be adjusted quickly.

When supply falls below levels of demand, prices tend to rise. This is an automatic "signal" to farmers and ranchers to increase beef cattle numbers. But the effect isn't immediate . . . it takes two to three years from the time the decision is made to increase production until there's more beef available.

If supply increases beyond levels of demand, there's no way to quickly stop the beef production line. Farmers, ranchers and feeders have to market cattle when they're ready regardless of price. So the supply continues and live cattle prices drop. Falling prices are a signal to decrease production, but again . . . it takes two to three years to accomplish.

The cattle industry historically goes through 10-12 year cycles from high production to low production and back again. These variations result in a constant up and down, profit and loss roller coaster ride for cattlemen.

Retail prices of beef, although reflecting the short-term up and down movement of cattle prices, have generally followed an upward trend because of increasing off-the-farm marketing costs such as labor, energy and transportation over which the beef industry has no control.

Farmers and ranchers have increased productivity significantly in the last 20 years. Experts predict a need to further increase production in the future to supply growing consumer demand, a growing population and increased export demand. To meet this need, the beef industry is trying to level out the supply fluctuations, thereby decreasing drastic price variations. A steady flow of high-quality beef to the market will benefit both producer and consumer.

Business-minded beef producers say they can do this if they are able to cover costs of production and make a reasonable profit.