A steer’s not all STEAK...

AN IMPORTANT FACTOR IN THE PRICE YOU PAY FOR BEEF...
it takes years to raise quality beef

Lots of 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 24-30 months from conception to consumption... from ranges, 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. Nine months of a cow's room and board until the calf is born... then six or seven months of cow and calf on pasture to a weaning weight of 430 lbs. Another six to eight months of hay, grass and crop residues results in a 700 lb. yearling ready for the feedlot. After three to five months on grain, protein supplements, hay and silage, a 1,000 lb. feedlot-finished steer is ready for the packer.

A 1,000 lb. steer doesn't yield 1,000 lbs. of beef. On the average, that half-ton steer yields a 615 lb. carcass. Approximately 183 lbs. of fat and bone are trimmed off leaving about 432 lbs. of retail beef cuts, less than half of the initial weight.

Very little of that other 568 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 for beef must cover price paid the producer, cost of processing, refrigeration, transportation, rent, taxes and labor. In the end, retail stores must competitively price their beef so that they sell it all and don't end up with in-demand cuts such as pot-roasts and short ribs left in the cooler.

Why 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 quickly adjusted.

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. Since 1950, prices paid to farmers and ranchers have gone through profit to loss swings so severe that not until 1971 did cattle prices surpass 1951 levels. Meanwhile, costs of production have consistently risen... since 1967, costs to farmers for production items, interest, taxes and wages have increased by more than 145%.

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 beef production significantly in the last 20 years despite discouraging price swings. Experts predict a need to further increase production in the future to supply growing consumer demand and growing population. To meet this need the beef industry is trying to level out the sharp 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 men say they can do this if they are able to make costs of production and a reasonable profit to boot.