

## Genetics drive industry forward

With demand for live export back on solid ground, it is tempting to forget the risk a business takes by being single market focussed. A business that equips itself with options and market alternatives is better placed to ride the waves of market vagaries and seasonal pressures.

The impact of genetics to the bottom line has played out in the last eighteen months, like never before. The gap between good quality, market desirable cattle and poorer doing cattle has increased and is not expected to close to its former margin. The close scrutiny given to those genetics and lines of cattle that are performing and the premiums that feedlotters and traders are willing to pay for that extra doing ability and market versatility underpins this widening market gap.



Charlie Mort, Mort & Co regards genetics to be the most underrated contributor to the industry's bottom line.

Mr Mort says to compete with other proteins such as pork and chicken, genetic improvement is where the big gains can be made. Currently in a feedlot, cattle fed for 100 days vary in feed efficiency by at least 20% or around \$170 per head, based on current feed prices.

"Although temperament and handling of stock prior to feedlot entry are also important, I believe genetics play a much bigger role." Mr Mort said.

Rick and Alice Greenup, Eidsvold Station is no stranger to tough times, having copped two floods and a drought in quick succession.

“We had to destock just like most of Queensland this year. But the steers were lighter than usual coming out of the drought, and they just didn’t really fit any of the usual specs. We sent the line of 200-odd steers, weighing just 290kg, to Mort & Co Grassdale feedlot to target the domestic trade.” Mr Greenup said.

However the steers’ capacity for growth meant that by 60 days Mort & Co decided they could make a higher return on the the Jap Ox grid, despite their low entry weights. The steers exited in June, killing as 20 month old Jap, milk tooth steers averaging approx. 300kg HSCW.

The steers’ capacity for growth was paramount in turning a drought affected group of light store steers into a value-added high-worth commodity.

The steer’s feedlot conversion of 4.04:1 (dry matter basis), converts to 5.28:1 on an as-fed basis, while the 207 steers averaged 2.49 kg/head/day over 100 days. Compared with the Beef Central standard set of representative production values for 105-day grain fed steers of 2 kg ADG /head/day and the as-fed feed conversion of 7.5:1, the Greenup Eidsvold Station steers saved \$203 per head in feed costs and produced an added 42 kg in live weight gain, resulting in an increased gross margin per head of \$245 above the representative values<sup>1</sup>.

While it is tempting to sit still and hold back in tough times, Mr Greenup reminds breeders that one year using lesser quality genetics can unravel years of genetic progress and take decades to unwind.

“Using cheap or homebred bulls, can feel like a saving, but can be a very expensive decision. I think most breeders will be pleasantly surprised at how supportive banks are of purchasing bulls, even in tough times, as they understand genetics drive business margins.”

With the grid for Spring kills looking very strong for the bull grades, continuing on the upward momentum of the CL prices to US, these coming months will provide a timely window to trade out of lesser bulls and replace with better genetics for a minimal trade-up cost.

“There will be some great savings this year for bull buyers and the reasons to get into the right genetics have never been more compelling.” Mr Greenup said.

Rick and Alice Greenup understand the pressures facing the beef industry, and are offering early bird discounts on paddock bulls during August. Greenup Eidsvold Station is offering 12 bulls at the GDL Balonne Invitation Sale, on Monday September 8, and 108 bulls at their Annual Sale on Friday September 19 at Eidsvold. For more information contact Rick on 07 41644260 or your preferred stock agent.

<sup>1</sup>Assumptions: ration cost of \$382/tonne as fed & assuming \$2/kg LW

Image: Mort&Co 2014.jpeg - Charlie Mort, Richard Greenup and Berry Reynolds, Mort & Co inspect Greenup Eidsvold Station 100 day gain fed steers