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### **Does Preconditioning Pay When Prices are High**

Having recently purchased vaccines to give preconditioning shots to calves, I'd be lying if I said I didn't think about skipping that cost this fall. All classes of cattle seemed to continue to set records on high prices as we've moved through the summer. The decreased supply could lead one to ask if preconditioning really pays or at least if buyers are willing to pay for it. A little look at history would say that year in and year out, it is the right decision to precondition calves prior to weaning.

Looking back on data from the Livestock Marketing Information Center (LMIC) comparing average feeder calf prices for preconditioned and calves without known preconditioning status over the last fifteen years, shows that the average premium paid ranges from around \$10 to over \$20 per hundred. With some of the highest premium price paid in the last high cycle in 2014. That said, this data set alone would indicate that preconditioning demands a premium price. However, basic economics says that a profitable decision requires that the revenue added by preconditioning must outweigh the cost added by preconditioning.

Preconditioning has benefits for those looking to sell their calves and to those retaining ownership. On average, preconditioning can cost the producer \$35 to \$60 dollars per head depending on the protocol implemented. This number is subject to change due to a variety of factors but gives a reasonable range for discussion purposes. Using the lower end value of \$10 per hundred weight in premium, on a 600-weight feeder calf, gives an added value of \$60 using some cowboy math. This math shows that at minimum cost recovery is possible in addition to the health and performance benefits.

Promotion of calf growth and improved health status are benefits both to the producer retaining ownership and to a buyer purchasing cattle. Researchers in Texas evaluated feedlot closeouts and found that calves that had been preconditioned for 45 days or longer had: 7.2 percent improved feed efficiency, \$29.47 per head lower medicine cost and 3.1 percent lower death loss. Oklahoma researchers found that preconditioned calves had a 22.4 and 2.9 percent lower morbidity and death loss respectively when compared to calves with little to no health management history.

The question becomes why would cattle buyers pay premiums for calves that are already costing more money to purchase? The simplest answer is risk, something that continues to grow within the industry in many ways. The whole point of preconditioning calf health programs is to prepare calves for better performance as they move through the system. That improved performance is measured in lower death loss, fewer health issues, and better gain—in other words, lower risk.

As prices move upward, the cost of death loss as well as the opportunity cost of lost performance also increases. Buyers who pay premiums for preconditioned cattle are paying to lessen that risk. And as prices move higher, the premiums that they are willing to pay for that decrease in risk will generally rise in response to the rising economic risk.

So, the answer to the question of will producers be rewarded financially for preconditioning calves would be a historical "Yes". While marketing calves off the cow may yield positive returns, particularly in the current environment of rapidly rising prices, the case for preconditioning prior to marketing is still strong. To customize a plan for your herd's needs, always consult with your herd health veterinarian. The Iowa Beef Center has a good publication that lays out a basic framework for calf health from birth to weaning in [BCH-5475 "Preconditioning of Calves"](#).