



# An Unusual Year for **BUSINESS AS USUAL**

Cattlemen weigh in on trends in 2020 and expectations for 2021.

There was a time in 2020 when beef was scarce in retailers across the country. The little supply that did make its way to meat cases was marketed at sky-high prices. At the same time, feedlots suffered from poor markets. Still, Hereford bull sales held steady.

Why? Hereford breeders Wyatt Agar, Thermopolis, Wyo.; Bill Goehring, Libertyville, Iowa; and Travis McConnaughy, Wasola, Mo., and auctioneer Lander Nicodemus, Burns, Wyo., discuss the trends of 2020 sales and their predictions for 2021.

**Comment on the positive trends of registered bull sales in 2020 despite the poor markets. Why do you think this happened?**



**Wyatt Agar**

**Agar:** In the intermountain region we deal with one of two kinds of customers. The first is the multigenerational operation. Generally speaking, these operations have paid for their real estate and operating costs are minimal. Therefore, they typically tend to invest more in the genetics of the cow herd, regardless of market situations. The second is the absentee owner, who will invest more as long as the ranch manager can make a good case for the need for higher-end genetics and the impact they will have on the bottom. These factors tend to carry us in our area even on years of poor cattle prices across the board.

However, over the last year, there are some unique factors that have not been discussed nearly as much. When I step into my role as a legislator and talk about the amount of drought assistance, stimulus and COVID relief money that has made its way into the agriculture sector, producers have received unplanned, non-budgeted dollars. We, as agriculturalists, tend to invest those monies into our operations, which has a trickle-down effect into the seedstock industry.



**Bill Goehring**

**Goehring:** The year 2020 has been one that has certainly presented significant challenges to cattle producers. However, it was rewarding to see the results of all the bull sales throughout the spring. While fat cattle, feeders and commercial cows fell in value, bulls sold steady many times above last year's averages. A couple of different things contributed to the bull market this spring.

One difference is that folks held off buying bulls in 2019 for various reasons

and needed to make an investment in herd bulls in 2020. For instance, producers who decided to use the old bull one more year needed to make a change in 2020, helping to hold some demand. Breeders may have cut a few more bulls in 2019, which led to a shorter supply.



**Travis McConnaughy**

**McConnaughy:** Foremost, Hereford breeders have done an awesome job breeding the last few years. Throughout my travels this year, I noticed that the quality of Hereford bulls is better than

ever. I was told many years ago, "Quality always sells."

Despite the feeder calf market trends this year, when we step back and look at the big picture of 2020, it has been pretty good. It's easy to get caught up in the negative atmosphere of this year, but we in agriculture have persevered. The Coronavirus Food Assistance Program has been a huge relief to the agricultural industry. It's natural for people to invest in what is working for them. This has had a big influence on sales late in the year. Buying a good Hereford bull was a nice spot to invest to get a bigger return on the next calf crop.



**Lander Nicodemus**

**Nicodemus:** The beef supply chain experienced major interruptions in 2020. While cattle feeders bet on \$130 April fats, packing plants went dark due to COVID-19 outbreaks. Before we knew it, April fats

traded at \$95, and feedlots that were not hedged lost up to \$600 per head. Fat cattle stacked up. It was common to hear stories about 1,700-pound-plus steers that needed to be harvested and packers would not bid on them. Restaurants closed their doors and people ate at home. The cattle market was pretty gloomy!

Thankfully, in the Rocky Mountain region, many ranchers were home calving cows and never experienced the unexpected lows from the disrupted supply chain. When producers got around to selling bulls and cull cows last summer, the lean-beef-trimmings market experienced a nice bump (since everyone was at home eating hamburgers), which put a little extra cash in their pockets. A lot of producers in this region also market a majority of their calves on summer video sales. When the big August video sales rolled around, calf markets had rebounded and were very comparable to the year prior.

**What are your expectations for sales in 2021?**

**Agar:** The fall bull sale season has been very active. However, most of the stimulus money injected into the economy must be spent by the first of the year. So, how this will impact the spring sale season is yet to be determined. The demand for high-end genetics will remain to be high across the board. Producers in the commercial sector understand more than ever that there is a premium in higher-quality cattle, as we see in the larger-than-normal swing in calf prices.

The cattle-on-feed report for November is up slightly, but cattle placements are down significantly. Looking at markets through the lens of a feedlot that creates a hole in the market and speaks well for early spring calf prices. This will obviously help our commercial producers and bull customers moving into the spring bull sale season.

**Goehring:** As we approach the 2021 season, we are bound to see some strength come back into the beef business. We will see people across the country moving around more, dining out and grilling beef. Folks around the world crave quality beef and we are set up to see strong demand for our product. As the fat cattle market improves so will all the rest of the market. Breeding stock can be the slowest to go up in the beef cycle, but it feels like the demand for both females and bulls is improving rapidly.

Cattlemen are the most resilient businessmen and women in the country. We are eternally optimistic that next year will be better. It looks as if we will see better margins over the next five years. Producers also feel the change coming and will be looking to make bull selections in the coming season to propel their operations into the future.

**McConnaughy:** The huge demand for Hereford bulls will spill over into 2021. We had overwhelming demand in our first annual WMC Bull Sale this year. We are completely sold out of bulls at home in December with people calling every day looking for a Hereford bull. Hereford is on the rise in the commercial sector and 2021 will have more to offer. It's a good time to be a Hereford breeder!

**Nicodemus:** I foresee bull sales being consistent with last spring. Undoubtedly, when the glut of calves went to auction this fall, the seasonal low seemed even lower. Significant equity losses in the feeding sector are likely to blame. However, many ranchers never felt the lows when they marketed the majority of their calves. Even in a down market two things are certain: Calves with quality, genetics and preconditioning shots bring a premium and baldies are still the kings of the auction ring. **HW**