

## Blade 'Forward price contracts' show significantly increased returns to Beef producers.

Forward price contracts may not be everyone's idea of the best way to sell cattle, but the returns being shown from the cattle that have been sold on the 'Pain and gain' price contracts that have been on offer from Blade Farming have, once again, been showing considerable gain for Beef producers. Producers are not only using the contracts for young bulls, but also for continental cross cattle and Holstein / Friesian steers.



The table below shows the comparisons for two batches of cattle that have been sold recently on the 'Pain and gain' contract compared to the same batches of cattle being sold on the 'spot' market. The majority of cattle that are sold deadweight in this country are sold on a spot market. The difference in carcass value for the Holstein / Friesian bulls comes not only from the difference in the base price, but also from the fact that the Blade pricing grid for the contracts has fewer deductions than the standard grid, and also pays the base price down to the lower carcass weight of 255 Kgs.

The bulls showed an increased return of £35.73 per head and the heifers £15.35. When margins are under pressure as they are at the moment this increased return is vital.

	Holstein /Friesian bulls		Continental x heifers	
	Spot market	Contracted	Spot market	Contracted
Number	25	25	16	16
Average age at slaughter		13 mths		21 mths
Average grade	-O2 / -O3	-O2 / -O3	R3 / R4L	R3 / R4L
Average wt. (Kg)	276.3 Kgs	276.3 Kgs	297.3	297.3
Average price (p/Kg dwt)	234.5 p	252.5 p	256.2	266.7
Average carcass value (£)	647.97	697.65	761.81	793.02
Carcass value after charges & comm. (£)	634.97	670.70	748.81	764.16
Difference in value (£)		<b>+ £35.73 / hd</b>		<b>+ £15.35 / hd</b>

**Table comparing difference in values of contracted and non contracted cattle**

Both lots of cattle came from bunches of reared calves that have come through the Blade system, and the cattle have been well fed and managed in order to reach their target slaughter weights at a young age. The quality of the meat from younger cattle is also more desirable for the consumer who wants to buy tender, succulent meat. As cattle get older they become less efficient in terms of their food conversion, and as such erode the profitability of the system. If the finished cattle price is £2.65/Kg dwt, and finishing cattle are growing at 1.2 Kg per day they must have a daily cost of less than £1.50 per day in order to be economic.

The demand for processing meat continues and mince sales in the UK now account for 54% of meat sales. In addition to that, McDonald's for example, sell 1.6 million 'patties' a day in the UK through their network of 1200 restaurants. SCFF at Langport supply 20% of the English beef that McDonald's use in their beef patties and a significant and growing proportion of that meat would come from Blade Finishers. Consequently the opportunities for bull production are still very good with the abundant supply of Holstein / Friesian bull calves and bull rations being competitively priced. Trial work by Eblex has proved that top quality weaned calves coming through the Blade system have outperformed their lower grade counterparts, and the Forward price contracts that are available have increased Producers returns.

It is absolutely essential that beef producers monitor the feed intake and liveweight gain of their cattle in order to make sure that the cattle are performing and that they are sold at the optimum time. If cattle are weighed and monitored on a regular basis it makes it very easy to ensure that they reach their growth rate targets stipulated in a contract and that as a Producer you receive the benefits of the contract.