

THE INFLUENCE OF LOT SIZE ON FEEDER CATTLE PRICES AT ARIZONA AUCTIONS

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One of the decisions that ranchers must make when marketing their cattle at auctions is what size lots to sort their cattle into. Experience and previous research has shown that lots of a size equal to the capacity of a cattle truck (about 60 head for feeder cattle) will receive a premium over lots of fewer head. At the same time, experience and limited research suggest that uniform lots will sell at a premium over non-uniform lots. The rancher is faced with a choice. Large lot sizes and less uniformity or smaller lots with more uniformity. Another alternative which has become more popular in recent years is to combine your cattle with other ranchers cattle to be able to sell large uniform sized lots.

How much difference can lot size make? Data on each lot of cattle sold from 1984 to 1991 at the Gila and Mohave spring yearling cattle sales were statistically analyzed to gain insights into the influence of lot size on

feeder cattle prices. The results are displayed in Figure 1. The form of the results is in terms of the price received for lots of varying sizes compared to the price received for lots of average size (15 head) at the same sale.

Adjustments were made to remove the influence of weight and sex from the results. As shown in the figure very small lots (1 to 5) head tend to have a price about 3% below the sale average for animals of the same sex and weight. Lots at or near truckload capacity tend to have a price of about 4 to 5% higher than the sale average for animals of the same sex and weight. The difference between the smallest lots and truckload sized lots is over 8%. This difference should not be overlooked in planning your marketing strategy, but don't forget that uniformity in lots is also valued.

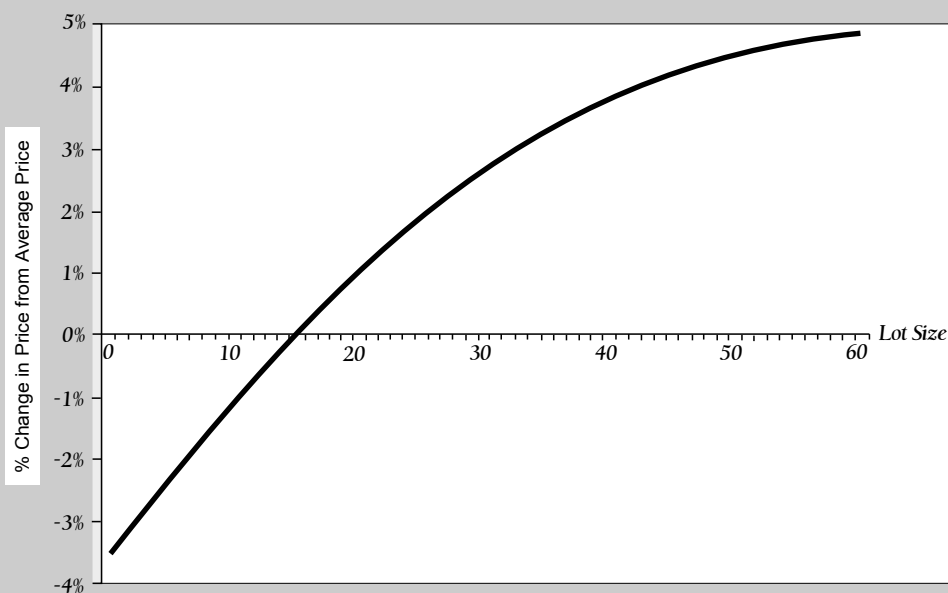


Figure 1. Comparison of Lot Size Impacts.

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