

Analyzing the Price Gap between Steers and Bulls in Florida: The Effect of Price Slides on the Value of Additional Pounds¹

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The purpose of this publication is to provide economic information about the historical price gap between steer calves and bull calves. The information presented is intended to aid cattle producers in making the decision to castrate their bull calves to receive a higher sale price. This publication is also intended to help county Extension agents to better understand the economic importance of castration when teaching the practice to producers at local county Extension programs.

Year after year, cattle producers have a calf crop that is typically almost 50 percent bull calves. Many producers will castrate these bull calves, making them steers, for a multitude of reasons, among them that steer calves have a higher meat quality and that they are more docile than bull calves, so they are easier to handle, which creates a safer work environment. The main reason for castrating bull calves, however, and the reason why castration is encouraged, is that steer calves command a higher price than do bull calves.

According to the 2017 USDA-NAHMS report on Beef Cow-Calf Management Practices in the United States, 62 percent of all cattle operations indicate that they castrate bull calves before sale. The percentage of operations that castrated their calves increased with the size of the operation. Large operations (200 head or more) had the highest

percentage, 90 percent, followed by medium (50–199) at 80 percent, and small (1–49) at 55 percent. Responses were also divided by region. The percentage of operations that indicated they perform castration on bull calves was the highest in the Central region (86 percent), followed by the West (57 percent) and the East (48 percent).

Florida ranks number nine in beef cow production (number of beef cattle) as of January 2024. Most of the operations in the state—84 percent—are small operations, with 1–50 head of cattle in a herd. Producers with smaller operations who choose not to castrate bull calves may be basing their decisions on several different circumstances. They may lack proper facilities or labor, for instance. In Florida, however, the price for steer calves compared to bull calves has been greater historically, and therefore, if possible, producers should consider implementing a castration program for their bull calves as a management strategy to avoid receiving a discounted price.

According to the USDA-AMS Florida Weekly Livestock Auction Summary reports, prices for 450-pound to 495-pound steer calves in Florida over the last six years (October 2017–December 2023) have averaged at \$173.10/cwt or \$822/head, which is five percent higher than average bull calf prices at \$165.58/cwt or \$786/head. That results in an average discount of \$7.52/cwt or \$35.72/head. In 2023,

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prices for steer calves were six percent higher on average with average steer prices at \$241.37/cwt or \$1,146/head and bull prices at \$227.87/cwt or \$1,082/head. The average discount in 2023 almost doubled the six-year average at \$13.52/cwt or \$64.13/head. It is evident that steer calves, on average, consistently receive a higher price than bull calves.

Bull calves may indeed weigh more than steer calves at the time of weaning, essentially bringing more total dollars. An accurate calculation must take into account the price slide, however. The price slide is the amount that prices decrease as weight increases. After considering the price slide for entering a heavier weight class, what is the actual value of those extra pounds, and how many additional pounds would that bull calf need to gain to make up for the discount? For example, in 2023, a bull calf that weighs 475 pounds sells for \$227.87/cwt or \$1,082.38. With a \$15/cwt price slide, much like we are seeing in today's market, (\$15 decrease for every 100-pound increase), a bull calf weighing 25 pounds more at 500 pounds sells for \$1,120.60 ($\$227.87 - \3.75×5). The value of those additional 25 pounds comes out to \$1.53/pound (Table 1). To make up for the \$64.13 discount we saw in 2023, this bull calf would need to weigh 42 pounds more than the 475-pound steer calf. The 500-pound bull calf sells for \$38 more than the 475-pound bull calf but is still short \$26 to make up for the \$64 discount compared to the 475-pound steer calf.

Price slides tend to increase when prices increase, resulting in the possibility of the cattle market seeing price slides up to \$25–\$30/cwt or higher. This means that the value of each additional pound on a bull calf will decrease, and the pounds needed to close the price gap will increase. The key takeaway is that at face value, total dollars may increase when selling heavier bull calves, but the value of each additional pound decreases. This results in a discount in total dollars compared to the total dollars received for steer calves.

In conclusion, castration is encouraged on cow-calf operations in Florida, as well as across the country, to take advantage of higher prices. Along with castration, implanting steers is also a beneficial and economical option to achieve the weight gain of a bull calf without receiving the bull discount. Early castration is a sound and economical management practice that is the responsibility of every cattle owner.

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Table 1. Price Slides and the Value of Additional Weight, 2023 Prices.

	\$10/cwt price slide	\$15/cwt price slide	\$20/cwt price slide
*Value of 475 lb bull, initial price of \$227.87/cwt	\$1,082.38	\$1,082.38	\$1,082.38
Value of 500 lb bull	\$1,126.85	\$1,120.60	\$1,114.35
Value of each additional pound	\$1.78	\$1.53	\$1.28
Pounds needed to add \$64.13 of value per head	36	42	50
*Price is based on 2023 average in Florida			