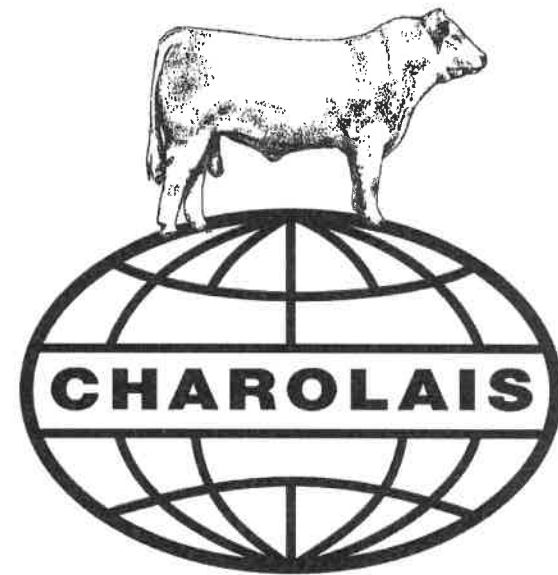


## *We have a lot in common:*

- Both breeds have genetics that contribute positively to the beef industry's success
- We support the use of crossbreeding
- Red Angus x Charolais make a tremendous cross
- Both breeds are on the wrong end of the ***COLOR CRISIS***

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# ***Key trends in the feeder cattle market***

- Moving from subjective to objective
- Unverified to verified
- Limited knowledge on a few traits/characteristics to specific knowledge on many traits
- Low information to high information
- Real versus perceived, etc.

Who wins in this new marketing environment?

***Best cattle, best genetics, best producers and best breeds.***

***Associations that offer programs and genetics to help producers succeed.***

# ***Hub City Livestock Auction (March 16, 2022)***

Impact Variable	Coefficient	Explanation
<b>Non-Black*</b>	<b>-41.57</b>	<b>Non-black cattle were valued at \$41.57 less per head versus blacks.</b>
Group Size	0.29	Value per head goes up by \$2.90 per cwt. with an additional 10 head.
Weight	0.70	Every additional pound of weight increased value per head by \$0.70.

Necessary and  
healthy transition.

Hide  
Color:  
Black or  
Not?



Verified  
breed,  
genetics,  
health,  
programs,  
etc.

# What is the cattle feeder's perspective on use of hide color in the feeder cattle market?

- RAAA Survey (October 2021 – February 2022)
- 252 responses
- 85% of participants are cattle feeders
- They represent over 35% of industry feeding capacity
- Other 15% were buyers, backgrounders, auction managers and industry experts
- Answers consistent across groups, regions, etc.

# Questions 1 & 2

**(1) Hide color significantly affects prices paid for different groups of U.S. feeder cattle.**

Agree/Strongly Agree	95%	AGREE
Unsure	2%	
Disagree/Strongly Disagree	3%	

**(2) Black-hided feeder cattle and calves frequently bring a higher-price than non-black-hided cattle of equal weight, quality, sex, and health history.**

Agree/Strongly Agree	94%	AGREE
Unsure	3%	
Disagree/Strongly Disagree	3%	

# Questions 3 & 4

**(3) Black-hided feeder cattle are superior to non-black cattle of equal weight, sex and health history.**

Disagree/Strongly Disagree	75%	DISAGREE
Unsure	12%	
Agree/Strongly Agree	13%	

**(4) During the past 25 years, emphasis on black-hided animals has helped the beef industry advance in a positive direction relative to overall feeder cattle quality and value.**

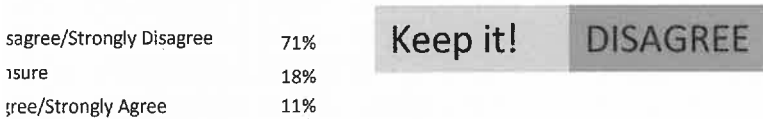
Agree/Strongly Agree	73%	AGREE
Unsure	17%	
Disagree/Strongly Disagree	10%	

Note the incongruence between #2 and #3.

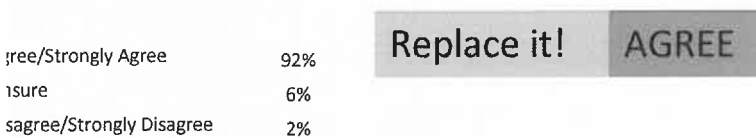
CAB and AAA marketing programs got a lot of positive mentions on #4.

# Questions 5 & 6

5) For the beef industry to continue improving its overall cattle quality and value, hide color must remain an important price-determining factor in the U.S. feeder cattle market.



6) For the beef industry to continue improving its overall cattle quality and value, hide color should be replaced with more objective genetic criteria as a key price-determining factor in the U.S. feeder cattle market.



Of the 29% who answered #5 by saying Unsure/Agree/Strongly agree, 89% answered #6 in the affirmative.



# Questions 7 & 8

**7) Use of specific genetic/genomic information on groups of feeder cattle would be preferable to hide color as an important price determinant in the feeder cattle market.**

Agree/Strongly Agree	88%	AGREE
Neutral	9%	
Disagree/Strongly Disagree	3%	

**8) Specific genetic/genomic information on groups of feeder cattle more strongly correlates to actual feeding and carcass results than does hide color.**

Agree/Strongly Agree	93%	AGREE
Neutral	6.6%	
Disagree/Strongly Disagree	0.4%	

# *Cattle Feeder Comments*

“Going in the direction of genetics would be beneficial to producers and cattle feeders. It would open doors for both.”

“It's about a lot more than hide color. Just the other day, we had a set of blacks grade 50% Choice and a set of Mexican Char crosses that went 70% Choice.”

“No one cares about the color of the hide when they're eating a steak.”

“Black cattle are not even black Angus anymore. Focusing on hide color could be an impediment to the industry's future.”

“All black means anymore is black.”

# Cattle feeder's perspective on the use of hide color in the feeder market:

- Hide color is a “forced fit” in today's feeder cattle market.
- They understand it and are living with it, because they must.
- But they do not like it. Too many non-value-based outcomes to suit.
- Hide color is not predictive enough to satisfy. Black-hide emphasis excludes cattle in which they see significant value (Reds & Char X).
- They do not want the current emphasis on hide color to be the industry's future.
- They want an objective, genetics-based market to become predominate.
- Answers and thoughts consistent throughout, with feeders, experts and others.
- Comments, comments, comments...lots of similar comments.

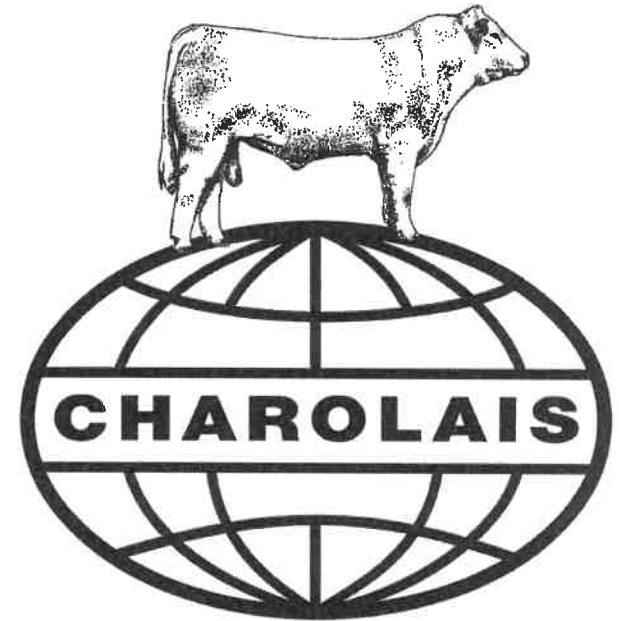
## *Where from here?*

- RAAA has a strong desire to help the industry to move beyond hide color to objective value metrics, genetics and otherwise.
- We will do everything we can to make that happen. We will do this for the benefit of Red Angus and the industry as a whole, including other breeds that have superior genetic merit (including Charolais x).
- Red Angus is much more than the color of our hide, and we believe the same about Charolais.
- Cattle with superior genetics will succeed in a greater way as the industry transitions toward a verified and objective valuation system. We'd welcome a change to work with AICA in that regard.

## ***We have been working with USDA to make FCCP tagged Red Angus cattle eligible for the carcass A Stamp***

- Our opinion is that we have a better claim on that stamp than non-Angus blacks, and we want to support as many Angus brands as possible in the future. *Not sure this is going anywhere.*
- Need to move from superficial traits (like hide color) to objectively verified genetics.

*Questions?*



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