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Aiming For Prime

The high-quality beef market has its rewards. But grabbing the brass ring is not easy, nor is it foolproof. **BY DEL DETERLING**



Oklahoma's Ted Davis sells his Wagyu beef overseas into a premium market.

PHOTO: REBEKAH WORKMAN

Fillets selling for \$75 a pound? Rib eyes going for \$50 a pound? How about ground beef priced from \$7.50 to \$14 a pound? Go to the Internet and click Wagyu (or Kobe) beef and you might think producers of this specialty beef cattle have discovered the road to riches.

Not so, says Wagyu breeder Ted Davis of Macomb, Okla. Davis says producing for today's prime beef market is neither simple nor particularly lucrative. Nonetheless, he concedes he and his partners—wife, Jada, and mother, Sandra—have carved out a niche exporting Wagyu into European elite markets.

Why does Davis sell overseas when most of his counterparts are vying for the white tablecloth restaurants and specialty beef markets here at home?

“We understand the export market. We have good contacts. Europe is a niche we can serve and get a better return than we could domestically.

“I grew up in the import-export business,” Davis explains. His father was in the automobile and

motorcycle industry, dealing with Japanese products. After Davis started ranching in 1988, he drew on his father's overseas business expertise and contacts to export high-quality Angus beef to Japan. That's where he became familiar with Wagyu, a Japanese breed synonymous with Kobe beef.

Why Wagyu?

The Wagyu breed is recognized worldwide for its tenderness, fine texture and unmatched eating quality. When fed properly, full-blood or Wagyu-crossed cattle consistently meet or exceed the standards for USDA Prime grade beef.

In 1990, Davis acquired 12 head of Wagyu heifers and a number of purebred bulls. The ranch now has 24 full-blooded Wagyu cows and about 325 purebred cows (1/16 Wagyu blood or higher).

Calves are fed out in a Nebraska feedyard without antibiotics or growth stimulants. After slaughter, boxed cuts are shipped to Europe—Holland, Italy,

Look before you leap

- ▶ Do extensive research on the breed, the management required to raise it and the markets.
- ▶ Talk with people who have had experience in the business.
- ▶ Determine your options. Are you going to sell breeding stock? Calves? If you retain ownership, where will you feed them? Where will you kill them? How will you market the beef? What will you do with
- cattle that do not fit the standard?
- ▶ Identify your market. If possible, develop a contractual agreement.
- ▶ Above all, be realistic in your expectations.

France and Germany—where the beef is sold in upscale restaurants, elite hotels and specialty meat stores under the Morgan-Davis brand.

The selling point for the Wagyu breed, according to Charles Gaskins, animal scientist at Washington State University, is that a very high percentage will grade USDA Prime when subjected to longer feeding periods. Full-blooded or half-blooded Wagyu steers fed to 24 to 29 months can grade USDA Prime on 60 to 80% or more of the carcasses, Gaskins says.

A healthier beef

In a Texas A&M study, Wagyu steers fed a corn-based diet to 24 to 28 months of age had higher marbling scores than Wagyu or Angus steers fed to 16 to 20 months, the standard U.S. endpoint. Tissue from Wagyu steers “contained higher concentrations of oleic acids and other monounsaturated fatty acids, regardless of diet or endpoint.”

Gaskins says WSU research shows the ratio of monounsaturated fat to polyunsaturated fat was 2-to-1 in the Wagyu versus 1-to-1 in the British breed.

Davis says while the market continues to pay premium prices for prime quality beef, it is not

foolproof. Ranchers should be wary of media articles about customers paying \$15 an ounce for a Wagyu or Kobe steak, or \$40 for a Kobe hamburger.

“We’re beginning to see some vulnerability even in Europe,” he says. “With rising oil prices and the uncertainty of the economy, everyone is pulling back a little. Margins are getting tighter.”

Production challenges

Producing Wagyu is far more complicated than putting a Wagyu bull on a Wagyu or Angus cow.

“You have to wait three years before you have a calf to sell,” Davis explains. “If you are going to retain ownership, you have to wait another 16 to 20 months before the animal is ready to slaughter.”

“And not every cut is going to sell for \$50 to \$100 a pound. Only about 80 pounds out of a 600- to 700-pound carcass consists of prime cuts,” he continues. “The rest are chucks, stew meat, hamburger and other meats of lesser value.”

Davis adds whenever you deal in a foreign market there are hoops to jump through, particularly in Europe where there are regulations against antibiotics and hormones in meat. That adds to the cost. ●

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