

Gill Red Angus Newsletter

FALL - 2010

Hello,

Things have been buzzing lately at the Gill Ranch - it seems as if everyone, including us, can't seem to catch up. A pleasant April brought an early spring that we welcomed with open arms after the harsh winter. May moved in and the moisture began to come in waves of both snow and rain, which really set us up for the year. It doesn't take a lot, as long as it comes at the right time. The May moisture gave us great grass and real nice hay crop. June has given us some rain as well, to keep the pastures nice and green. July was hot and dry until the last weekend of the month, and then it started to rain. And now it looks as good as it has ever looked around here for this time of the year.

The weigh-up market and calf prices are as good as they have been in years. We feel pretty optimistic about the cattle industry, and hopefully good times are ahead for us all.

If you are ever in the area, please stop by for a visit and a ranch tour. We would love to have ya.

*Thanks,
The Gills*



Breeding Season

Breeding season is either upon us or finished, depending upon when you breed. The bull power we have on hand is very exciting. In our opinion, it is one of the stoutest made, widest based, and soundest set of bulls in the breed. They may not have the highest EPDs, although they are respectable. We don't get too carried away with all the EPD hype since we use them as only one tool of many. But we do spend a great deal of time on the bull type, soundness, and cow families from which they descend. We know these bulls will sire calves that will flat get it done. We are proud of all of them, but a couple of them seem to excite us a bit more. For those couple, we plan on having them breed 100 cows each this summer through natural breeding and artificial insemination. I invite you to take a look at our website to see our herd sire line-up. I think you will be impressed.



Time to sell your calves, let's get to work!

Every year you do a super job at the everyday ranch activities like calving and breeding, putting up feed and then feeding it, making sure the fences are up and the cattle are in. But for the most part, ranchers in general do not do a very good job at marketing their calves. They simply do the same thing year after year, and don't often step outside of their comfort zone. Sometimes you will see a poorer set of calves outsell yours, and you just can't figure out why. Sometimes it just happens for no real reason, but most of the time there is a reason. You need to ask yourself "Why does this happen?"

Some reasons for the price difference and questions to consider are: Are your calves vaccinated the way the buyers want them? Are they natural and if they are, are you advertising them this way? Are you taking advantage of the Source and Age tags? Have you contacted potential buyers to let them know you will be selling? Do you sell a full 50,000 lbs load or do you have a partial load? All of these can either give you a hefty discount or a nice premium. For example, calves that have not been properly vaccinated will get at least an \$8/cwt discount.

If you use the Source and Age Tags, you could get another \$5/cwt premium, and a full load will get you an additional \$3/cwt over partial loads. Now I realize that you may not have enough cattle to sell a full load, but you can find someone who has similar type cattle and management and you can co-mingle them to make a full load to get this premium. Next if you call a few potential buyers to let them know that you'll be selling, you could really increase your selling price, as certain buyers want to only feed Red Angus calves, or they might be looking for calves of your weight and style. Every extra bidder helps.

Now let's add that all up to see how much more you could be bringing home. If you have a set of steers that weigh 550 lbs, it would take 91 head to get a full 50,000 lbs load. A \$3/cwt premium for a full load is a \$16.50 premium per calf. Now let's vaccinate them and add that \$8/cwt back onto your calf check; that is an extra \$44 per calf. Plus, if they are sourced and aged, you could get an additional \$27.50 per calf. That's \$88 per steer calf you could be missing out on! And on that load of 91 steers, it comes to just over \$8000 per load! I am sure both you and your banker would rather have that money in your pockets.

You can even take it a step further and become a Gill Red Angus customer. If you let us know when and where you are selling, we will be there, either in person, on the phone or have an order buyer carrying our bid. We continue to get orders and calls for steers and replacement heifers out of our genetics, as they work in the feedlot and the pasture. Just for being our customer, you will have one more buyer in the seats come sale day going after your calves. Last year we placed over 5000 head of yearlings and calves and bid on over 6000 head more. With our bids, we will usually make you an additional \$15 to \$25 per calf, which is close to \$2000 a load. That is nearly the cost of a bull. Come check us out. What can it hurt?



Gill Red Angus (VAC) Vaccination Recommendations

Vaccinate your calves prior to weaning to the following: 4-way • 7-way • Pasteurella

Pre-weaning Shots

It only makes sense to get this done. The cost to give pre-weaning shots is hardly anything when you will get at least an \$8/cwt or \$45 return on your investment (assuming a 550 lb calf). Go buy the vaccine and vaccinate your calves; it pays!

According to Superior Livestock, last year at the Big Horn Classic calf sale in Sheridan, WY, the calves that were tagged with a Source and Aged tag received an average premium of \$3.70/cwt over calves that were not tagged. That is \$20 or more per calf! The Red Angus Association of America will supply you with a tag if you meet the requirements for only \$.99 a tag. This is actually cheaper than a regular tag at your local supply store. Invest \$.99 for a return of \$20. Makes pretty good sense to me!

Back to the pre-weaning shots, another perk of being a Gill Red Angus customer is you qualify to get a 3% discount on all vet supplies through DeTye Vet Supply, based out of Sturgis, SD. They ship vet supplies all over the country and will cover the shipping if you spend a certain amount of dollars with them. Plus, they already guarantee the lowest price in the country, before the 3% discount. What more could you want? Make the call today to see how much you can save. Their number is 866-438-7541.



**All Gill customers can receive a 3% discount
on all vet supplies through DeTye Vet Supply
866-438-7541**

**"We are here
for YOU!"**

Our Cowherd

I often hear breeders talk about AI'ing their cowherd or heifers. I ask them what are they using, and if they have ever seen the bull. Most of the time the answer is, "No, I have not." I then ask what makes them want to use that bull, and the answer is usually, "He is pretty hot right now" or "He sure has good numbers." We think it is great that someone AI's their cows, as it tells us they are trying to take their program forward. But how do they really know which direction they are going, if they don't know anything about the bull? He might be the opposite of what their goals are. We sure don't know what other breeders goals are, but we do know what ours are. We want to raise a herd of cows that are sound on their feet and legs, have an excellent udder, are deep bodied, efficient, easy keeping, and have the ability to raise sons and daughters that will raise feeder calves and replacement heifers that will make our customer profitable.



We are always trying to improve our cowherd, as they aren't perfect and never will be. This is our 31st year in the registered Red Angus business and our cowherd is pretty much everything I mentioned above. We put a lot of faith in our herd bull battery, as they breed a lot of cows every year. We sell their sons before we know how good their daughters will be, but we do enough homework to feel confident that they will be as good as or better than their bull mates. They better be, as we plan to have them around for at least another 12 or 13 years. That is a long time when you think about how many calf crops a rancher gets in his career.

When we select the bulls we use, we study him very hard. Not only must he have the look of a herd sire and the performance we demand in our bulls, but he must also be out of a cow and cow family that we want our cowherd to look and perform like. We always take a look at the dam to the bull and if possible his sisters and grand dam. Most bulls will throw daughters that resemble his maternal line, and we need to make sure that they are sound, deep, easy keeping, and good uddered. Basically everything it takes to be a good cow.



The Gill Red Angus Customer Service Program...#1 in the Industry



Let us know in advance

When selling your calves please let us know a couple weeks in advance when and where you are selling. If we don't know you are selling, we can't help. Plus if we don't have enough time to make all contacts to gather as much interest as we can in your calves, we are usually leaving money on the table. We don't like that, and we know you don't either.

Cow Size

This has been a very heated subject over the last few years. It seems like all the “experts” say we need to run an 1,100 lb. cow to be profitable. In my mind, that just isn’t correct for everyone. For some people in other areas it might work. But it’s not for everyone and doesn’t work in most conditions. For example, if your business is selling bred heifers, you better have them weighing 1,000 lbs. come sale day or you will get beat up pretty quick at auction. But it’s a fact that a 950 - 1,000 lb. bred heifer will mature heavier than a 1,100 lb. cow.

Instead of cow size, I believe we should be talking about cow type. Granted, no one really wants those big old horses that weigh 1,500 lbs. or more. However, if you have a cow that is deep sided, long bodied, with some condition in an average frame, she will weigh more than 1,100 lbs. We have been working for years to get some body and length in our cow herd, and it has made them easy fleshing and let’s their calves have some get up and go to them.

We have seen different ranches try to downsize their cows; in our minds they already had cows that fit their environment, but then feed got high and the industry buzzword was downsize. So these ranches did this and along with reducing mature weight and frame, they also lost bone, body width, and actually became a little harder doing. But hey, they got those mature 1,100 lb. weights.

In all this though, they more importantly lost what the feeders want. (Feeders really are our only customers.) In order to be profitable, feeders need to have cattle that get up and go when asked, convert the feed that is put in front of them, and have a carcass that will weigh up when they kill them. So what we are trying to say is run what works for you in your environment. If you think you need to downsize, by all means do it. But before you step off the edge and try to get those great 1,100 lb. cows, go out and visit with your calf buyer, feeders, and someone that has already done it.

We feel our program has the ideal size cow. They are not big, but yet they aren’t small. They have depth of body, length, some decent bone, and yet some performance. We have killed several thousand head of our own and our customers’ calves and they are consistently weighing around 1,300 lbs. Our cows get it done on grass and grass hay alone. Take a look at the photos of our cows in this newsletter and on our website. This is what your cowherd could look like if you become a Gill Red Angus customer.



Gill Red Angus vs. Your Seed Stock Supplier

There is a lot of competition out there when it comes to selling bulls, no matter what the breed or color you have. Along with the tough competition, there is also some very good genetics being sold and used. Several different breeders out there through artificial insemination are using most of the same genetics. Even though we may not use some of the more popular lines, we have sold two bulls to ABS, one to Select Sires, are partners on another bull with ABS, one with with Genex, and raised the dam to an up and coming star with ABS. So as you can see, good genetics are all over the place. So why should you buy a bull from Gill Red Angus over some other good seed stock supplier throughout the country? Here are a few things to consider that Gill Red Angus does that may be different than your current bull supplier:

1. Experience - Gill Red Angus has been raising registered Red Angus now for 31 years.
2. Service - Gill Red Angus puts on thousands of miles every year visiting our customers to get to know them a little better and to see if our bulls are doing what they are bred to do.
3. Quality - We have an extensive culling routine. This fall we will be selling around 100 cows (20%) that are hard to part with, but we feel our replacement heifers will take us where we are going faster.
4. Quality - Every year we flush our top quality cow families to bulls that we feel will move our program forward. We annually implant around 100 eggs.
5. Service - We bid on all of our customers yearlings and calves to help them earn top dollar.
6. Service - In 2009, we purchased over 5000 head and bid on another 6000+ customers’ calves.
7. Service - We deliver bulls free up to the first 300 miles.
8. Service - We mail out newsletters to help stay in touch with our customers.
9. Customer Focus - Our coming two-year-old bulls are raised to last, as they are never pushed on feed over the winter months and are summered on grass alone.



(Gill Red Angus vs. Your Seed Stock Provider: CONTINUED...)

10. Variety - We sell aged advantage coming two year olds and yearling bulls.
11. Volume - We sell a large amount of bulls to fill the needs of every size commercial ranch out there. In 2010, we sold over 180 bulls.
12. Vet Supply discount - All Gill Red Angus customers qualify for discounted vet supplies.
13. Semen discount - All customers qualify for discounted semen on Gill Red Angus bulls.
14. Lifestyle - We are a family owned ranch. Gill Red Angus consists of 3 brothers and their families plus Dad and Mom. When you call and visit with someone here, you talk to someone that makes a living off this business.

Now take a look at your seed stock supplier and compare who they are and what they do for you. If you think you need a change, I invite you to look at our program. I truly believe that we have the best customer service in the industry and some of the best cattle in this great breed.

Why shoveling manure may soon pay the bills.

-By Drew Lawler

Thirty years ago, before the "invention" of bottled water, would you have ever guessed that one day a gallon of drinking water would be more expensive than a gallon of gasoline?

Well hold your horses because here comes another one of those "You've got to be kidding me" moments.

Hewlett-Packard scientists have come up with a way to power computer data centers with cow manure. Now if that don't beat all. All this time we thought that the value was in the beef. Just like water and gasoline, does this mean we are going to wake up one morning and find that cow chips are more valuable than the cow that produced them?

According to a report in the San Jose Mercury News, "HP scientists have proposed using a bio-gas recovery system that would convert manure into methane to be used as a fuel to generate electricity for data centers – those cutting edge computer facilities that serve as the nerve centers for an increasingly Internet-dependent world."

Think what this could mean to rural development. I can see it now...rural towns all over America hiring their own economic development coordinator who would tout their community's manure as the finest in the nation.

Slogans could include:

"We power the Internet...and that's no bull."

"The e-crap capital of the US."

"Green is good but brown is better."

"The market leader in cow chip conversion."

Modern data centers require lots and lots of electricity that generate huge carbon footprints. Increasingly, corporate America is looking for ways to go green which means that companies could actually advertise that their computer servers are powered by cattle manure.

The irony in this is that many ranchers don't use email or the Internet and for that matter, are happily ignorant of where the on / off button is located on their computer. They don't want to know and are thankful that their wife or kids will answer email for them. I asked one rancher the other day -- a particularly big guy who stands 6' 6" -- what his email address was and he said, "I'll spell it for you... L Y R E L A D Y @yahoo.com." I kind of shook my head to clear it and replied, "Did you just spell lyre lady?" He says, "Yeah, I don't have an email address and that's my wife's and she'll get any message to me that I need." Part of the appeal of ranching is being able to work in the great outdoors unencumbered by technology that tends to keep one inside under fluorescent lights. I get that.

The researchers say they would need about 10,000 cows to power a 1-megawatt data center. So that obviously rules out the mom and pops from getting in on the action. But then again, maybe not. The obvious play here is for retained ownership through the feedlot where the producer gets to share in the revenue stream generated by their cow's manure.

You think I'm joking? The reality is I don't know if I am or not. A 1-megawatt data center is described as a small-to-medium sized facility. And the good news is that most feedlots have more than a few acres of idle land adjacent to them which they could lease to the data centers for additional revenue. Indeed, the report went on to say that for this project to be cost effective, it means locating data centers where the fuel is -- "No one is going to be shipping manure to the Silicon Valley."

Interesting to note is that one of the most data center-rich cities is Washington DC. But they already have all the manure they can handle.



Market Advisor: Cow Prices Off to Record Pace!

- Tim Petry, Livestock Marketing Economist

Cow prices have increased more than normal this year in spite of a continuing high cow slaughter?

- NDSU Extension Service

Could cull cow prices be at record highs this year? The short answer to that question is yes, but there are many factors that can affect prices. Cow prices were at a record high in 2007 and again in 2008, which was not that long ago. A setback in prices occurred in 2009 because of a historically high beef and dairy cow slaughter and a weak economy impacting demand.

Cow prices have increased more than normal this year in spite of a continuing high cow slaughter. A wide range in cow prices occurs due to differing grades, yields and other market factors, such as fed, white-fat cows versus thin, low-yielding cows. The geographic region where the cows are sold also is a factor. However, in general, cow prices have increased more than \$10 per hundredweight (cwt) this year when a more normal increase would be \$5. Prices are currently more than \$10 per cwt higher than last year. On a weekly basis, prices have been averaging a couple of dollars higher than 2008, which was a record year.

Higher prices are being supported by strong demand for hamburger and sharply lower imports of manufacturing-grade beef. The "cheeseburger price war" among several fast-food chains that have been promoting low-priced menu items during the economic downturn helped demand. And after a harsher than normal winter in several regions of the country, consumers have been anxious to start the grilling season. Higher prices for competing meats, such as chicken and pork, also have stimulated demand for hamburger.

Imports of grinding beef have been off almost 25 percent this year. Beef imports from our leading suppliers (Australia, New Zealand and Uruguay) are off by double-digit amounts. Australia's beef industry is in a herd rebuilding phase after several years of drought. Ironically, there have even been reports that too much rain in places may have hampered Australian cattle from getting to market.

The decline in value of the U.S. dollar relative to currencies in those countries where we get beef also has made our market less attractive and other markets more lucrative. That is particularly the case for Uruguay. Fresh, 90 percent lean wholesale boneless beef prices are about \$15 per cwt higher than last year as retailers compete for product. Furthermore, prices for fresh, 50 percent lean wholesale beef also have increased as carcass weights of fed steers and heifers have declined. Severe winter weather was a factor in the decline, which has caused less 50 percent trim to be available.

There also is evidence that meat processors are grinding chucks from fed cattle to help satisfy the demand for ground beef. Wholesale boneless two-piece chuck prices have increased more than \$40 per cwt from last year's depressed levels.

The cow slaughter in 2010 has been close to last year's elevated level, but almost 20 percent above the 2004 to 2008 average. The beef cow slaughter has been almost 8 percent higher, which is partially due to an increase in imports of Canadian cows. The dairy cow slaughter declined about 7 percent from last year, when the first of three dairy cow buyout programs was in progress.

Looking ahead, the total cow slaughter usually is seasonally low during the summer months. Several factors favor reduced beef cow slaughter this year, which should be supportive to prices.

First, overall grazing conditions in the U.S. for beef cattle are probably the best that they have been for several years. Coupled with the good grazing conditions, the heavy beef cow culling that has occurred in the last several years and stronger calf prices point to reduced slaughter levels.

The bottom line is that prices should remain strong through the summer months until the seasonal fall decline starts in September.



"You buy our bulls, we will bid on your calves!"

2010 Sale Report

Gill Red Angus Annual "You Buy, We Bid" Bull and Heifer Sale

- 163 Bulls \$3,016
- 92 Commercial Bred Heifers \$1,224
- 178 Commercial Open Heifers \$ 731

Gill Red Angus held their Annual Spring Bull and Female Sale on February 2, 2010 at the ranch near Timber Lake, SD. This year marked their 31st anniversary in the Red Angus seed stock business. They work very hard year round making sure their bulls work and hold their condition while their customers get a good price for their calves. As their slogan goes "You buy our bulls, We will bid on your calves!" This past season Gill Red Angus helped purchase over 5000 calves and yearlings and then bid on 6000 more. They believe that by being a seed stock producer you must have a quality product and the customer service to back it up.



The high selling bull of the day was Lot 129, LMG Gills Indeed 9018 a 3/17/09 son of RED Towaw Indeed 104H and LMG Miss Dynette 3041. He sold to a syndicate group of Bull Hill Ranch from SC, Badlands Red Angus from ND, Fehrman Red Angus from MN, 3-J Farms from OK, Jacobson Red Angus from MN, Uriell Red Angus from ND, Star G from IA, Lucht Red Angus from MT and Smith Angus Farms from NE. They gave \$23,000 to own this young herd bull prospect. ABS Global later became partners as well. We plan on breeding him to over 100 head this summer. He has the potential to be and is quite possibly the most maternal bull we have ever had on the ranch.

All but 5 bulls were sold to commercial cattlemen while the majority went to repeat customers. These bulls were sold at very affordable prices as well. They sold in the following increments - 19% of the bulls sold for \$4000 or higher, 65% of the bulls sold from \$2000 to \$3999, and 16% of the bulls sold from \$1500 to \$1999. We pride ourselves on having a very uniform set of bulls. This way bigger ranches can come in and buy bulls in volume.

Volume buyers of the bulls were Franklin O'Driscoll from Utah and Glenn Jones from SD with 15 bulls each, while the volume buyer of the open heifers was repeat buyer, Greg Binger with 92 head. They will get bred and resold this fall, contact us for more details, and the volume buyer of the bred heifers was Mike Koehler with 50 head.

Be sure to check out our website www.gillredangus.com for the latest information and photos.

2011 Gill Red Angus Annual "You Buy, We Bid" Bull and Heifer Sale

February 1, 2011

Selling: 175 bulls & 200 commercial replacement heifers

- 85 coming two-year old bulls
- 30 fall born 16 month old bulls
- 65 yearling bulls

Every year we are excited about the quality of the bulls that we have for sale. This year is no exception. We culled quite hard on the coming two-year-old bulls this spring when they went to grass. We will again when we take them off in September. These bulls are as good as or better than any we have ever raised before. They are fed almost like a replacement heifer the first winter and they go on grass in April. This is home to them until September. The fall born bulls are kept on their dam until mid April and then they are summered on grass as well, growing out slower and more natural. The yearling bulls are weaned in September and are fed for 2.5 lbs a day gain. These bulls are raised with you in mind and will last a long time for their new owner. I promise you will be impressed with the quality of bulls in this sale.



The heifers are all consigned to our bull sale by Gill Red Angus bull customers, and as another service to our customers, we invite them to sell some replacement heifers through our sale. These heifers are proven to make great cows and a Red Angus replacement heifer is not the easiest thing to find. So come check them out, and take some home.



The Gill Red Angus Customer Marketing Program

Something we offer that most of our competition does not is a Customer Buy Back Program. Our slogan is "You buy our bulls and we will bid on your calves." This has really helped our customers on selling day. We ran some calves up as much as \$5 per hundred weight. You add that up on a load of 600-pound steers, and you made an extra \$2,500 just by being our customer. Compare that to our sale average the last couple years --- that's nearly a free bull! How can you go wrong?

Here is how it works:

- ✓ First you must be a Gill Red Angus customer. At marketing time, contact Gill Red Angus with the marketing option you wish to pursue:
 - *Complete Retained Ownership*
 - *Partial/Partnership Retained Ownership*
 - *Livestock Auction or Off-the-Farm Marketing* - Sell 100% of your calves off-the-farm or at the stockyards and a Gill staff member will be there to place a bid on them for you.
 - *Replacement Heifer Marketing* - Market your top-quality open and bred heifers through our annual production sales in February. (We have spent thousands of dollars on advertising over the years. Use our past advertising and known name to market your replacement females.) Call for more information.
 - *Discounted semen and vet supplies available* to all customers.
- ✓ When possible, we will work with our customers to help form co-mingled loads of calves.
- ✓ Upon harvest, if possible, Gill Red Angus will prepare a report, complete with feed yard and harvest data, for your use. The Gill staff will then schedule a meeting with you to discuss ways we can help add profit to your bottom line.
- ✓ We are also available for consultations regarding breeding, replacement heifer procurement, and all marketing options. We will help you in any way we can to make your bottom dollar grow.



"You buy our bulls, we will bid on your calves!"



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