



Our customers are the most profitable cow-calf producers in the world.

Looking Back... and Looking Ahead

By Kit Pharo

As we begin a new year, I think it would be beneficial to take a look back at 2023 before we look ahead. For the most part, 2023 was a very good year for cattlemen. Prices on all classes of cattle reached higher highs than most people expected. In the fall of 2023, our calves were worth \$400 to \$500 more per head than they were worth in the fall of 2022.

A very low cattle inventory is the reason for the high prices. Cow numbers are lower today than they have been for 72 years! This is a simple factor of supply and demand. When demand exceeds supply, prices go up — and vice versa. Normally when we have low cattle numbers and high cattle prices, we will see some rapid herd expansion like we did in the 2014/2015 time period. However, that is not happening.

As I said in our *Fall 2023 Newsletter*, there are two reasons we are not seeing widespread herd expansion. First, there are still areas of significant drought. The primary reason we are not seeing much herd expansion, however, is the fact that today's record-high calf prices are not creating record-high profits like they did in the 2014/2015 time period. In fact, many of today's cow-calf producers are struggling to break even. They are too dependent on outside inputs.

Looking ahead... The fact that widespread expansion is not yet taking place suggests cattle prices will go even higher — and last longer than they did in the 2014/2015 time period. When herd expansion, through heifer retention, gets into full swing, cattle prices will increase at an even faster rate, because fewer animals will be available to be put on feed. The price of beef will also increase because there won't be enough animals to meet the demand.

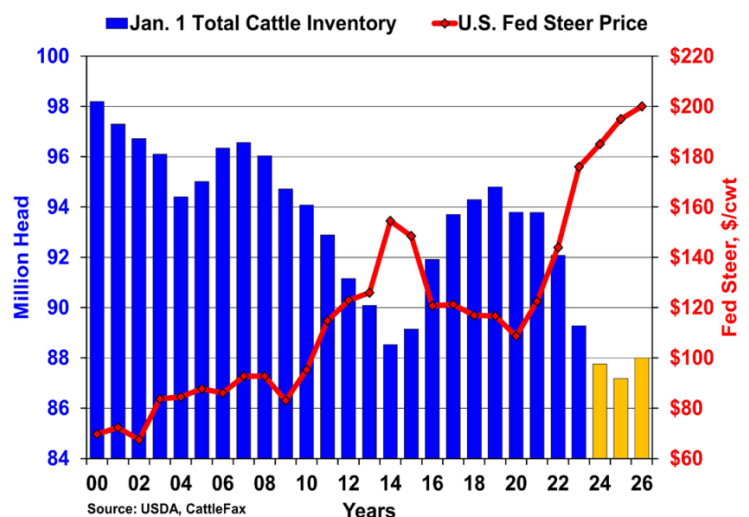
CattleFax believes we will see cattle numbers continue to decrease until 2026 (see graph). If that is the case, we should see an increase in cattle prices for the next three to four years. These high prices, however, won't last forever.

As always, low prices are the cure for low prices and high prices are the cure for high prices. We simply cannot leave well enough alone! When all of those retained heifers wean their first calf, supply will quickly overtake demand — and cattle prices will drop like a rock.

The future looks bright — at least for the next three or four years. I encourage you to enjoy the good times while they last, but I also caution you about becoming overly complacent — thinking cattle prices will stay high forever. They won't! I suggest you take advantage of what's left of the good times to make the necessary changes in your operation.

The last time we were in a situation like this, the value of our calves was quickly cut in half. Will you be able to stay in business when your calves are worth half as much as they are worth today? Be honest with yourself! Most cow-calf producers desperately need to find ways to reduce their cost of production while increasing their production per acre. Pharo Cattle Company has the genetics and the philosophies you need to produce more for less.

U.S. Cattle Inventory & Price



"Success is simply a matter of luck. Ask any failure."

~ Earl Wilson ~

THREE Spring Bull Sales

Cameron, TX — April 8th
Springfield, MO — April 11th
Burlington, CO — April 22nd

- **500 Bulls** — Angus, Red Angus, South Poll, Polled Hereford and Heat-Tolerant Composite
- One-Year Guarantee
- Guaranteed Calving Ease
- Developed WITHOUT Grain
- Fleshing Ability has been Bred In — NOT Fed In
- Evaluated and Scored for Disposition, Thickness, Muscling, Masculinity, Fleshing Ability, Grass Efficiency, Hair Coat, Fly Resistance and More
- Over 60 Delivery Points Across the Nation

Call or Email to receive a Sale Catalog

THE PHARO CATTLE COMPANY NEWSLETTER

Published four times per year by:

Pharo Cattle Company
44017 County Road Z
Cheyenne Wells, CO 80810

Editor: **Kit Pharo**

Phone: **800-311-0995**

Email: **Kit@PharoCattle.com**

Website: **www.PharoCattle.com**

Our Mission: Help ranchers put more fun and profit into their business.

Call or Email for a Free Subscription

BEEF...

How High is Too High?

By Kit Pharo

Take another look at the CattleFax graph on the previous page. The red line represents the per-hundredweight price paid for a fat steer that is ready for harvest. We are in uncharted territory! Fat steer prices are higher than they've ever been since the beginning of time — and they're expected to go higher!

That's a good thing, isn't it? Not necessarily. What do you think is happening to the cost of beef in the local grocery store when the price of fat steers is on the rise? The cost of beef is also on the rise. How high can the cost of beef go before beef is replaced by a much cheaper form of protein like chicken?

Although most people cannot afford to eat a steak for supper every night, ground beef has been a staple food for most people in first-world countries for over 100 years. It's a very flavorful, versatile and low-cost food product. To bring you up to date, the cost of ground beef has increased a whopping 25% in just the last three years. Where will it end?



We all like high cattle prices — but the last thing we need is for cattle prices to go so high that beef becomes a luxury item no one can afford. Unfortunately, it looks like we are moving dangerously close to that situation. If beef becomes a high-priced luxury item, we will only need to produce a very small fraction of the beef that is currently being produced. No one wins!

The survival of family farms and ranches, as well as the entire beef industry, will require beef producers to produce great-tasting beef at an affordable cost to the consumer. The current beef-production paradigm is based on expensive fossil fuel-based inputs. That paradigm is failing! Beef production needs to get back to being primarily based on free solar energy!

Be All You Can Be

The biggest limitation to being all we *can* be is being all we *want* to be. As silly as it sounds, most people from all walks of life don't *want* to be all they can be — because it will require change of some sort.

People hate change — but change is one of the few things we can count on in life. The present is different from the past and the future will be different from the present.

True success and happiness will require continual change! Don't be afraid to step out of your comfort zone and change what needs to be changed. **Be all you can be!**

God Did NOT Create Religion

God created man — and man created religion. All religions (denominations) and most religious traditions were created *by* man, *for* man. Consequently, they detract from our ability to serve and worship the Lord our God the way He wants us to serve and worship.

See to it that no one takes you captive through hollow and deceptive philosophy, which depends on human tradition and the basic principles of this world rather than on Christ. (Colossians 2:8)

If you are not already receiving our weekly devotions and would like to receive them, send us your name and email address.

Held Captive

Elephants have been trained and used by humans for over 4000 years. How is it possible for a 180-pound man to restrain a five-ton elephant with a piece of rope and a wooden stake?

When an elephant is very young, it is tethered to a stake driven deep into the ground. This stake is strong enough to hold the young elephant no matter how hard he tries to break free. After many unsuccessful attempts to escape, the young elephant eventually believes escape is impossible. This belief is carried into adulthood. When the elephant is full grown, it could easily break free from the stake — yet it never attempts to do so. This extremely powerful and intelligent creature is held captive by nothing more than its own thoughts and beliefs.

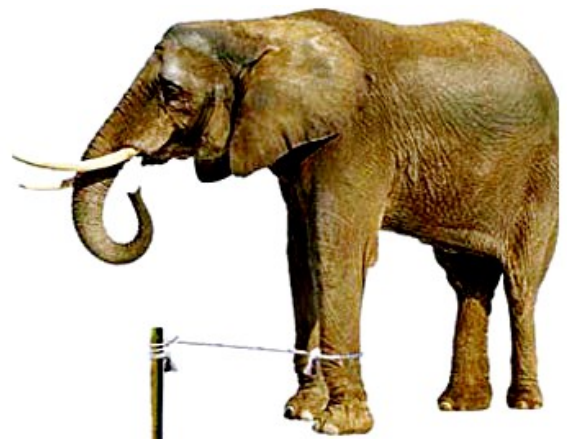
Do you suppose you and I might have a few preconceived thoughts or beliefs that are holding us back? Are we tethered to some outdated tradition or paradigm from which we could easily break free — *if we knew we could?*

Pounds Per Cow vs. Per Acre

It doesn't take a genius to see that nearly all bull producers are focused on maximizing production per cow. As a result, they have big, heavy-milking cows. The trouble with big, heavy-milking cows is they require a tremendous amount of feed just to meet their maintenance (survival) requirements. Maintenance requirements must be met before any weight gain or reproduction can take place.

No matter how good or how bad your environment is, you will always be able to run substantially more smaller, moderate-milking cows than big, heavy-milking cows. Keep in mind that we do NOT raise calves on milk. We raise calves on grass, and supplement the grass with milk. Eighty-five percent of a calf's ability to grow from birth to weaning is due to it's genetic foraging ability — not milk. Smaller cows will also wean a much higher percentage of their own weight than bigger cows.

Small, low-maintenance cows have the ability to maintain good body condition, even with a limited amount of forage. Until a cow is storing up body fat she is incapable of getting bred. Therefore, smaller cows will always have higher conception rates than bigger cows. They will also produce substantially more pounds and profit per acre than big cows. Ask your banker if he thinks you should focus on increasing pounds per cow (bragging rights) or on increasing pounds per acre (profit).

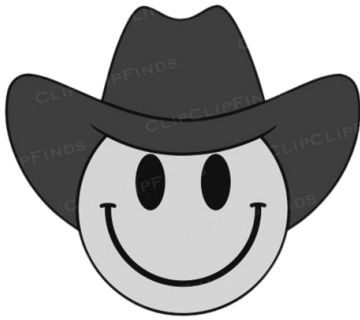


PHARO CATTLE CO.
44017 County Road Z
CHEYENNE WELLS, CO. 80810

PHONE 800-311-0995
E-MAIL Kit@PharoCattle.com
Tyson@PharoCattle.com
WEBSITE www.PharoCattle.com

PRSRT STD
US POSTAGE PAID
PERMIT NO. 28
Grand Island, NE

◆ ADDRESS SERVICE REQUESTED ◆



Cowboy Logic: “Most folks are ’bout as happy as they’ve made up their mind to be.”

PHARO CATTLE COMPANY

**Efficient, Easy-Fleshing,
Moderate-Sized, Low-Input,
Grass-Based Genetics
— with Calving Ease —**



**Call or Email to receive a catalog
for our three Spring Bull Sales
and/or an AI Sire Directory**



800-311-0995

Bulls@PharoCattle.com