



## PTIC & Station Mated – What is driving demand?

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With livestock prices at record levels, producers are seeking to unveil the driving forces impacting buyer decisions. The AuctionsPlus Market Insights team has undertaken a comparative analysis between PTIC and Station Mated heifers and cows sold online to observe and investigate market trends and points of difference between the two respective stock categories. AuctionsPlus data from January 2015 to May 2020 has been utilized with a particular focus on Angus heifers and cows, the results portray the increasing price margins between lots which have been pregnancy tested in calf (PTIC) with a certificate available as opposed to station mated offerings.

Furthermore, the cost of scanning cattle was also investigated to assist in contextualizing price differences apparent between the two selling options.

Despite the ebbs and flows of the volatile cattle market, Figure 1 highlights the growing price difference apparent between Station Mated and PTIC lots sold on AuctionsPlus. Between 2015 and 2020, the price difference is on an increasing trajectory whereby between 2015-2017 there was a 21.6% average price difference between PTIC and Station mated offerings compared to a 35.3% difference between 2018-2020. The price difference to date for 2020 has seen a notable dip, attributed to the widespread rainfall across drought ravaged regions and a strong seasonal outlook. This has prompted many cattle producers to commence rebuilding their herds, resulting in an increased demand for female breeder cattle. With reduced supply, both Station Mated and PTIC females are highly sought after and selling at considerably higher prices which has led to a reduced-price difference between the stock categories compared to previous years.

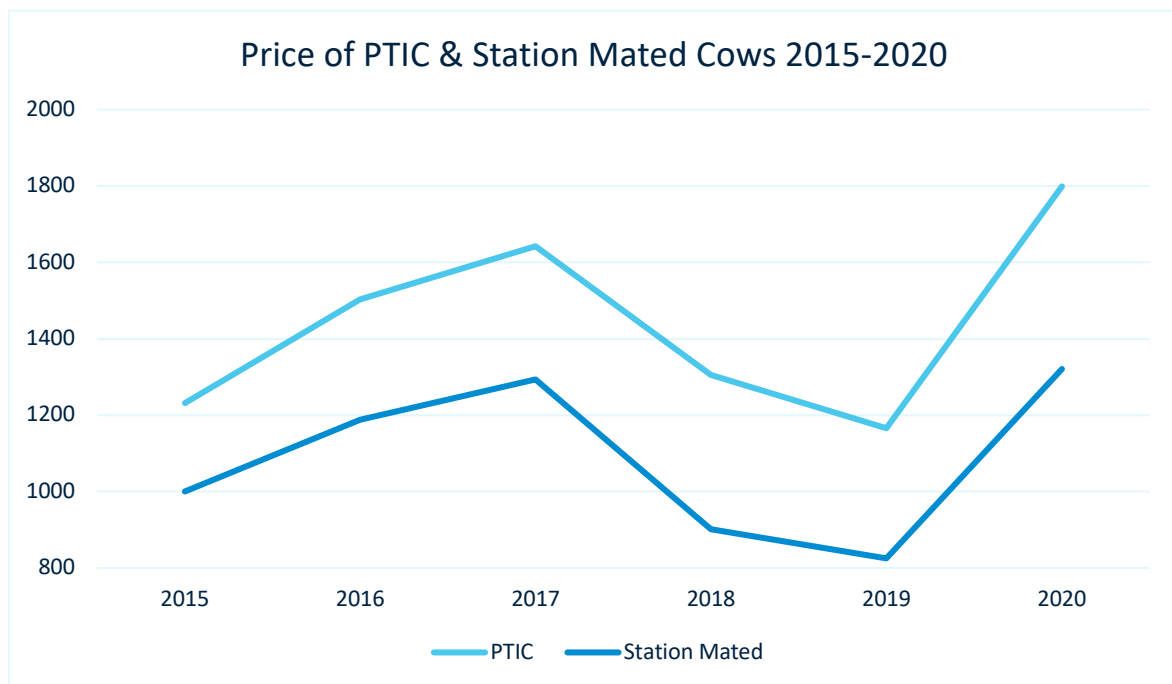
**Figure 1:** Average price for PTIC and Station Mated Angus cows and heifers sold on AuctionsPlus from 2015- May 2020.

	2015	2016	2017	2018	2019	2020
<b>100% PTIC</b>	\$ 1,313	\$ 1,570	\$ 1,770	\$ 1,357	\$ 1,194	\$ 1,881
<b>STATION MATED</b>	\$ 1,081	\$ 1,308	\$ 1,425	\$ 982	\$ 843	\$ 1,498
<b>PRICE DIFFERENCE</b>	<b>\$ 232</b>	<b>\$ 262</b>	<b>\$ 345</b>	<b>\$ 375</b>	<b>\$ 351</b>	<b>\$ 383</b>
<b>PRICE DIFFERENCE %</b>	21	20	24	38	42	26





Feed availability on farm is a critical influence to cost of production. As observed in Figure 1, tough seasonal conditions correspond with larger differences between PTIC and Station Mated offerings as buyers seek security through guaranteed pregnancy statuses. Buyers can be more hesitant purchasing Station Mated stock due to additional risks, turnover time and costs associated with producing calves. Cattle Veterinarian Scott Parry from Coonamble, NSW has seen an increased trend in scanning cattle for “*transactional purposes as opposed to management purposes over the past 18 years*”. This uptake of scanning cattle demonstrates that farmers are seizing the opportunity of the visible price premium which exists for PTIC cows and heifers in comparison with station Mated. In terms of additional costs to quality stock as PTIC, Mr Parry held that “*the cost to scan cows inclusive of associated costs such as travel and a completed pregnancy certificate generally ranges between \$5-\$7 a cow however can vary depending on the number of head which require scanning*”. Given the dynamic nature of the agricultural industry with volatile seasons and markets, it is crucial for cattle producers to be adaptable and take advantage of opportunities when they exist.



**Figure 2:** Average price for Angus PTIC and Station Mated heifers and cows from 2015–May 2020.





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## Market Insights

Seasonal conditions are not the sole determining factor influencing the difference between Station Mated and PTIC cattle. Russel Smyth from Ray White Rural Bingara, NSW, commented that the increasing price margin between PTIC and Station Mated cattle *“is buyer driven”*, currently as buyers are endeavoring to rebuild herds an emphasis and increased demand has been placed on the assurance of progeny, which comes with purchasing PTIC lots. Further premiums within PTIC cattle offerings are apparent with *“accurate and reputable pregnancy tests and tight joining periods”* Smyth stated. In the essence of enhancing profitability and productivity, the notion of leaving no stone unturned is a pragmatic approach when it comes to attracting a variety of buyers. Russel highlighted how scanning results, either positive or negative, can *“open up a new market”*. Pretested Empty (PTE) cows and heifers can attract feedlot and processor buyers and achieve *“premiums of 5c/kg for heifers”* thus attracting increased opportunities for trade.

The price differential between PTIC and Station Mated offerings is often indicative of feed availability and opportunity cost. It can therefore be observed that despite the trend of increasing price differences, seasonality is a key catalyst for stimulating increased prices premiums for offerings which have not been scanned as farmers are more inclined to succumb to a broader range of purchasing opportunities. It is increasingly apparent that market volatility, which is often driven by climatic factors, sees cattle producers looking for guaranteed returns on their stock and also requires cattle buyers to purchase with increased confidence, which justifies increasing price premiums on scanned stock.



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