

Table 14
 Estimated Costs and Break-even Prices
 Custom Finishing Cattle in a Commercial Feedlot
 Buy in Oct-Nov, Sell in Jan-Feb

ASSUMPTIONS	STEERS	HEIFERS
Cost/Value of Feeder (\$/cwt.)	\$ 94.41	\$ 89.00
Interest Rate on Feeder	8.00%	8.00%
Ration Charge (\$/ton) (1)	\$ 145.00	\$ 145.00
Interest Rate on Feed and Other Costs	8.00%	8.00%
Yardage Charge (\$/head/day)	\$ 0.05	\$ 0.05
Beginning Weight (lbs.):	750	675
Ending Weight (lbs.):	1,250	1,075
Shrink:	4.00%	4.00%
Pay Weight (lbs.): (2)	1,200	1,032
Gain (lbs.):	450	357
Days on Feed:	166	162
Death Loss: (in conversion)	0.50%	0.50%
Feed Conversion - as fed (lbs.): (3)	8.91	9.12
Average Daily Gain: (pay weight to pay weight)	3.01	2.63
Distance to Feedlot (miles)	1,000	1,000
Trucking (\$/loaded mile - one way)	\$ 3.10	\$ 3.10
ITEMIZED COSTS	STEERS	HEIFERS
FEEDER		
Cost/Value of Feeder:	\$ 708.08	\$ 600.75
Interest on Feeder:	25.76	21.33
FEED		
Total Feed Cost: (4)	290.69	236.05
Interest on Feed: (5)	5.29	4.19
OTHER COSTS		
Transportation to Feedlot:	47.50	47.50
Yardage Charge:	8.30	8.10
Processing Charge:	7.00	7.00
Vet, Medication, Supplies:	9.00	9.00
Interest on Other Costs: (5)	1.31	1.27
Break-even Selling Price:	\$ 91.91	\$ 90.62
Total Cost of Gain/cwt:	\$ 87.74	\$ 93.68
Feeding Cost of Gain/cwt: (6)	\$ 71.46	\$ 74.40

(1) Ration charge of \$145.00 based on corn price of \$3.50/bu.

(2) Ending weight minus shrink.

(3) Feed conversion will vary seasonally depending on month of placement.

(4) Based on feed conversion and gain from beginning to pay weight.

(5) Interest costs on feed and other costs are calculated on 1/2 of the total charges.

(6) Excludes transportation costs and interest on feeder.

Budget Summary, Custom Finishing in a Commercial Feedlot

This analysis estimates the cost of finishing cattle in a commercial feedlot located in the Great Plains region. Steers and heifers are shipped to the feedlot on November 1 and are fed 155 days in the system presented, but cattle may be fed any month of the year if adjustments are made to feed conversion and number of days fed based on a placement month.

The cost/value of the feeder animals is calculated using Tennessee prices and weights prior to shipment to Western feedlots. Average daily gain is calculated by subtracting the beginning (Tennessee) weight from the final pay weight, divided by the number of days fed. This value will be lower than average daily gain reported by Western feedlots due to the shrink that occurs in cattle shipped 1,000 miles or more (typically 4-6%).

Ration and yardage charges vary by feedlot and time of year. Ration charges may change during the feeding period unless a fixed charge is locked in when cattle are placed on feed. Footnote 1 explains how the ration charge in this analysis changes when ration ingredient prices change. Interest is charged on the feeder animals for the entire feeding period, and on feed and all other costs for half the feeding period. Transportation cost assumes shipment to the feedlot in 50,000 pound loads, at a cost of \$3.10 per loaded mile.

Break-even Sale Price Over Total Expenses--Steers, \$/cwt

Total Cost of Gain (\$/cwt)	Steer Purchase Price (\$/cwt)				
	\$ 84.41	\$ 89.41	\$ 94.41	\$ 99.41	\$ 104.41
\$ 70.00	\$ 78.65	\$ 81.65	\$ 84.65	\$ 87.65	\$ 90.65
\$ 79.00	\$ 82.25	\$ 85.25	\$ 88.25	\$ 91.25	\$ 94.25
\$ 88.00	\$ 85.85	\$ 88.85	\$ 91.85	\$ 94.85	\$ 97.85
\$ 97.00	\$ 89.45	\$ 92.45	\$ 95.45	\$ 98.45	\$ 101.45
\$ 106.00	\$ 93.05	\$ 96.05	\$ 99.05	\$ 102.05	\$ 105.05

Net Return Over Total Expenses--Steers, \$/head

Sale Price (\$/cwt)	Steer Purchase Price (\$/cwt)				
	\$ 84.41	\$ 89.41	\$ 94.41	\$ 99.41	\$ 104.41
\$ 82.00	-\$ 41.19	-\$ 80.06	-\$ 118.92	-\$ 157.78	-\$ 196.65
\$ 86.00	\$ 6.81	-\$ 32.06	-\$ 70.92	-\$ 109.78	-\$ 148.65
\$ 91.00	\$ 66.81	\$ 27.94	-\$ 10.92	-\$ 49.78	-\$ 88.65
\$ 96.00	\$ 126.81	\$ 87.94	\$ 49.08	\$ 10.22	-\$ 28.65
\$ 100.00	\$ 174.81	\$ 135.94	\$ 97.08	\$ 58.22	\$ 19.35