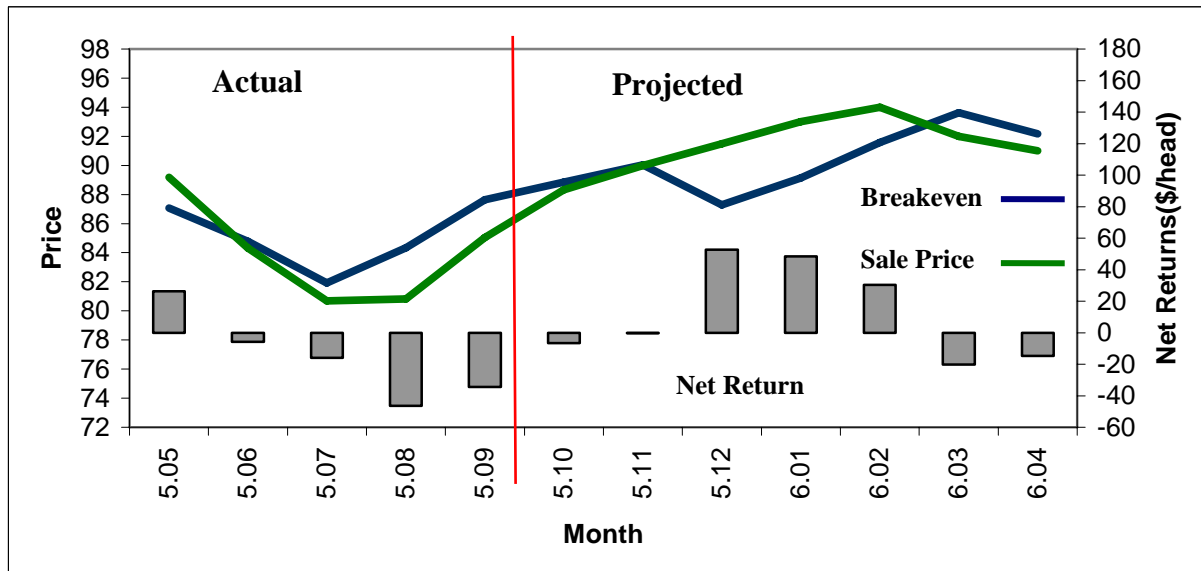


Livestock Farm Management Update

November 18, 2005

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The following graph summarizes the returns to steer finishing in Kansas over the past several months, and provides the most current projections for the near future. The average April and May steer closeouts returned profits of \$19.00 to \$25.00 per head. Average fed cattle prices declined into June, July, and August, resulting in average net losses of around \$5.87, \$15.94, and \$46.33 per head respectively for those months. Modest losses continued into September, with our calculations suggesting average negative returns of about \$34.45 per head. Preliminary calculations suggest that cattle finished in October came close to breaking even on average, with average break-even selling prices for steers around \$88.85 per cwt., and average selling prices for the month around \$88.35. Both average break evens, and average selling prices will likely be higher for November closeouts. Break evens will be in the upper \$80's per cwt. for both steers and heifers finished in December and January. Combining those break even projections with current futures based price forecasts suggest \$50.00 to \$85.00 per head profits over that time period. Break even projections increase into the low \$90's per cwt. for cattle finished in February and March, due to higher priced feeder cattle, and worsening physical performance expectations. Current projections suggest slightly negative to slightly positive returns on late winter closeouts for the average cattle finisher.



Source: KSU Cattle Return Series.

The following budgets provide detailed projections for November placements. Cash feeder cattle prices remain very high and are currently volatile from week to week and market to market. Expected feed conversions and average daily gains for fall placed cattle are significantly worse than for cattle placed at other times of the year, and there is much more performance risk for fall placements. The ration charge projection is very low from an historical perspective, and there appears to be only limited feed ingredient price risk over the next several months with the large corn crop. Both feed conversions and average daily gains for July placed steers are expected to be about 6% to 8% worse than the annual average. The unfavorable performance expectation is currently outweighing the low feed ingredient prices, resulting in a feeding cost of gain projection that is slightly higher than projections of a few months ago. The net result is a break-even projection that is in the \$92.00 to \$93.00 range for April finished cattle, and could be higher than that for feeder cattle purchased at the upper end of recently reported price ranges, or if performance comes in worse than projected due to adverse winter feeding weather. Sensitivity Tables are included to reveal the sensitivity of the projected breakeven to feeder prices and feed costs.

**Commercial Feedlot Cattle Finishing Budget
April 2005 Placements (750 lb. steers, 650 lb. hfrs)**

Cost Budgets	Steers	Heifers
Feeder		
1. Cost of feeder:	\$866.25 (@\$115.50 / cwt.)	\$755.63 (@116.25 / cwt.)
2. Interest on feeder:	\$ 32.29	\$ 28.34
Feed		
3. Total feed cost: ¹	\$226.55	\$208.70
4. Interest on feed:	\$ 4.22	\$ 3.91
Break-even selling price: ²	\$ 92.18	\$ 92.69
Total cost of gain / cwt:	\$ 57.20	\$ 58.65
Feeding cost of gain / cwt: ³	\$ 50.74	\$ 52.35

¹ Based on a ration charge of \$101.71 per ton, which is base on a use-weighted feed ingredient price over the feeding period, and accounting for seasonal performance expectations for this placement time period.

² Includes the listed specific costs, plus a yardage charge and an expected processing and veterinary charge per head.

³ Excludes interest on feeder animal.

Commercial Feedlot
Sensitivity Analysis of Break-even Prices for 750 lb. Steers

	Feeder Purchase Price				
	\$112.00	\$114.00	\$116.00	\$118.00	\$120.00
Feeding Cost Of Gain (\$ /cwt.)	-----Break-even Price----- (\$ / cwt.)				
\$47.00	88.50	89.75	90.99	92.24	94.73
\$48.00	88.90	90.15	91.39	92.64	95.13
\$49.00	89.30	90.55	91.79	93.04	95.53
\$50.00	89.70	90.95	92.19	93.44	95.93
\$51.00	90.10	91.35	92.59	93.84	96.33
\$52.00	90.50	91.75	92.99	94.24	96.73
\$53.00	90.90	92.15	93.39	94.64	97.13

Commercial Feedlot
Sensitivity Analysis of Break-even Prices for 650 lb. Heifers

	Feeder Purchase Price				
	\$112.00	\$114.00	\$116.00	\$118.00	\$120.00
Feeding Cost Of Gain (\$ /cwt.)	-----Break-even Price----- (\$ / cwt.)				
\$49.00	88.71	89.94	91.16	92.39	94.84
\$50.00	89.10	90.33	91.55	92.78	95.23
\$51.00	89.36	90.58	91.81	93.03	95.48
\$52.00	89.74	90.96	92.18	93.40	95.85
\$53.00	90.11	91.33	92.55	93.77	96.22
\$54.00	90.49	91.71	92.94	94.16	96.60
\$55.00	90.96	92.18	93.40	94.62	97.07