

Historical and Projected Kansas Feedlot Net Returns

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This short article presents estimated net returns of cattle finishing operations as of April 7, 2014. The process of calculating historical net returns and projecting future net returns was updated in July of 2012.¹ Each month updates are made to reflect the most recent feedlot closeout estimates and to reflect current market conditions.

Close-out Calculations

The most recent *Focus on Feedlots* survey provides information on lots closed out in February of 2014. As shown in figures 1 and 2, steers and heifers were estimated to be sold in February at significantly improved profits (\$171.97/hd) and (\$146.47/hd), respectively. This marks the largest profit on steers since November of 2003.

Projected Returns

Given the one-month lag in *Focus on Feedlots* survey information, market information is available for March of 2014 but realized animal performance data are not yet available. Currently, the net returns projected for closeouts in March are \$202.33/hd and \$152.99/hd for steers and heifers, respectively (tables 1 and 2). The large increase in March returns from last month's projections reflects additional gains in fed cattle prices. Tables 1 and 2 also present projected net returns for closeouts over the next five months based on forecasts of both animal performance and market prices. These tables also include the projected and breakeven values for cattle prices and cost of gain which provide further insight into the sensitivity underlying these projections. Producers are encouraged to carefully compare their own costs and prices with those reported here. The projections suggest returns are expected to moderate, yet remain positive thru July. Finally, historical and breakeven values are provided in chart format revealing trends over time in fed cattle sales prices (figures 3 and 4), cost of gain (figures 5 and 6), and feeder cattle purchase prices (figures 7 and 8).

¹ A document describing the specific approach taken in these calculations and projections is available at: <http://www.agmanager.info/livestock/marketing/outlook/newsletters/FinishingReturns/default.asp>.

Table 1. Projected Values for Finishing Steers in Kansas Feedyards*

| Closeout Mo-Yr | Net Return | FCOG** | Fed Price | Feeder Price | Breakeven FCOG** | Breakeven Fed Price | Breakeven Feeder Price |
|----------------|------------|--------|-----------|--------------|------------------|---------------------|------------------------|
| Mar-14 | 202.33 | 95.14 | 149.93 | 158.78 | 131.95 | 135.02 | 183.84 |
| Apr-14 | 13.06 | 92.46 | 139.07 | 163.34 | 95.02 | 138.08 | 164.94 |
| May-14 | 70.27 | 90.52 | 141.95 | 164.18 | 103.72 | 136.66 | 173.01 |
| Jun-14 | 15.43 | 87.50 | 136.20 | 165.12 | 90.22 | 135.08 | 167.02 |
| Jul-14 | 23.66 | 86.09 | 133.74 | 163.80 | 90.01 | 132.05 | 166.78 |
| Aug-14 | -13.49 | 86.65 | 138.89 | 170.64 | 84.21 | 139.84 | 169.09 |

Table 2. Projected Values for Finishing Heifers in Kansas Feedyards*

| Closeout Mo-Yr | Net Return | FCOG** | Fed Price | Feeder Price | Breakeven FCOG** | Breakeven Fed Price | Breakeven Feeder Price |
|----------------|------------|--------|-----------|--------------|------------------|---------------------|------------------------|
| Mar-14 | 152.99 | 99.47 | 149.35 | 157.67 | 131.16 | 137.17 | 177.45 |
| Apr-14 | 23.30 | 98.76 | 138.29 | 156.27 | 103.83 | 136.37 | 159.35 |
| May-14 | 70.49 | 97.02 | 141.78 | 157.58 | 112.01 | 135.96 | 167.10 |
| Jun-14 | 21.83 | 95.11 | 136.34 | 156.53 | 99.66 | 134.59 | 159.38 |
| Jul-14 | -8.95 | 93.64 | 133.06 | 157.66 | 91.85 | 133.78 | 156.46 |
| Aug-14 | -23.40 | 94.51 | 137.95 | 162.36 | 89.42 | 139.78 | 159.51 |

* Net return is \$/head and all other values are \$/cwt.

** FCOG = Feeding cost of gain

Figure 1. Historical & Projected Average Net Returns for Finishing Steers in Kansas Feedyards

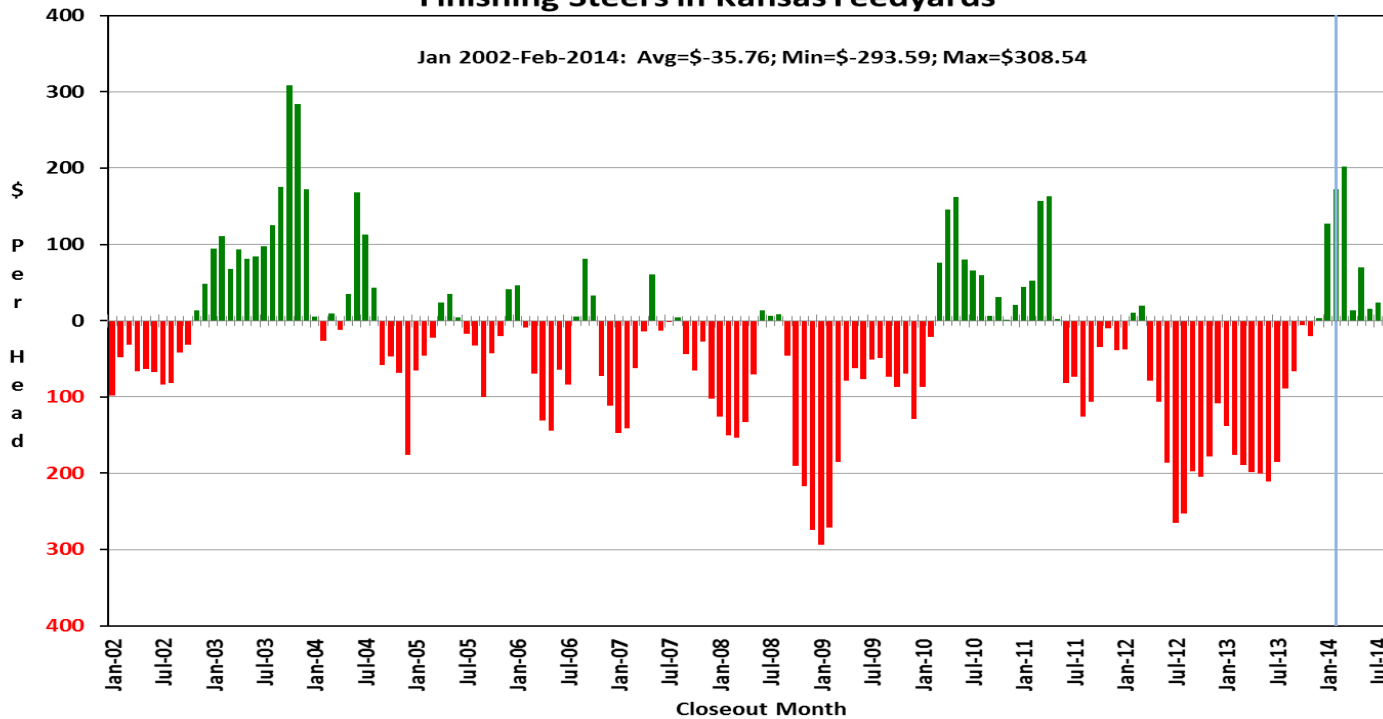


Figure 2. Historical & Projected Average Net Returns for Finishing Heifers in Kansas Feedyards

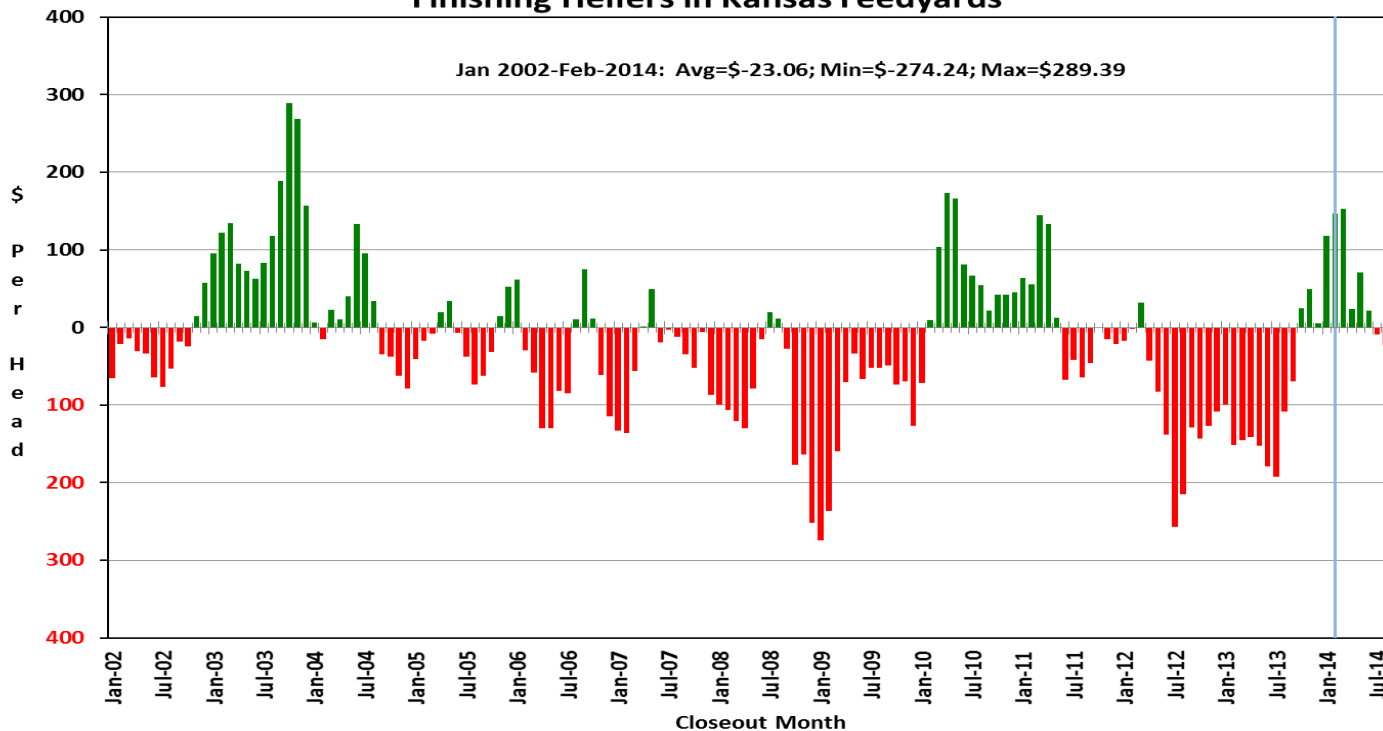


Figure 3. Historical & Projected Fed Cattle Prices and Breakeven Prices for Steers in Kansas Feedyards

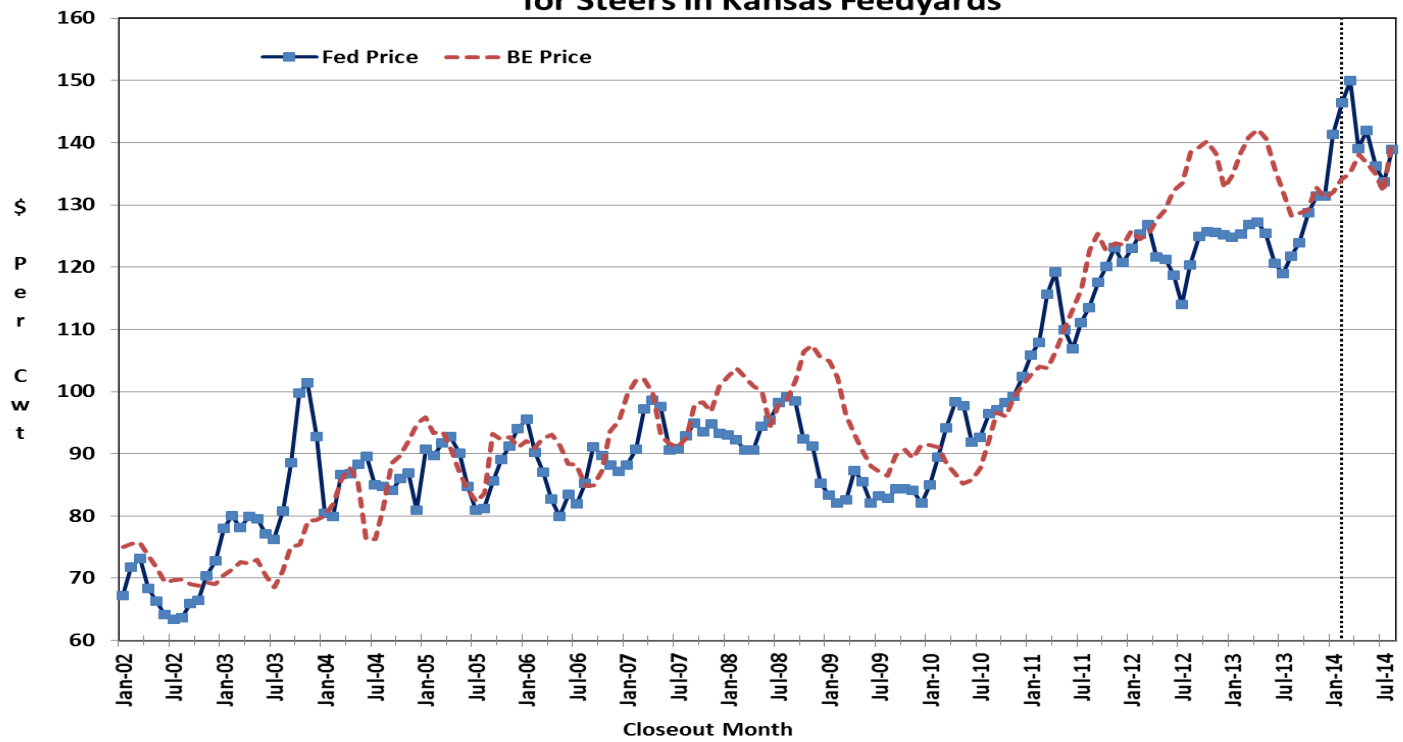


Figure 4. Historical & Projected Fed Cattle Prices and Breakeven Prices for Heifers in Kansas Feedyards

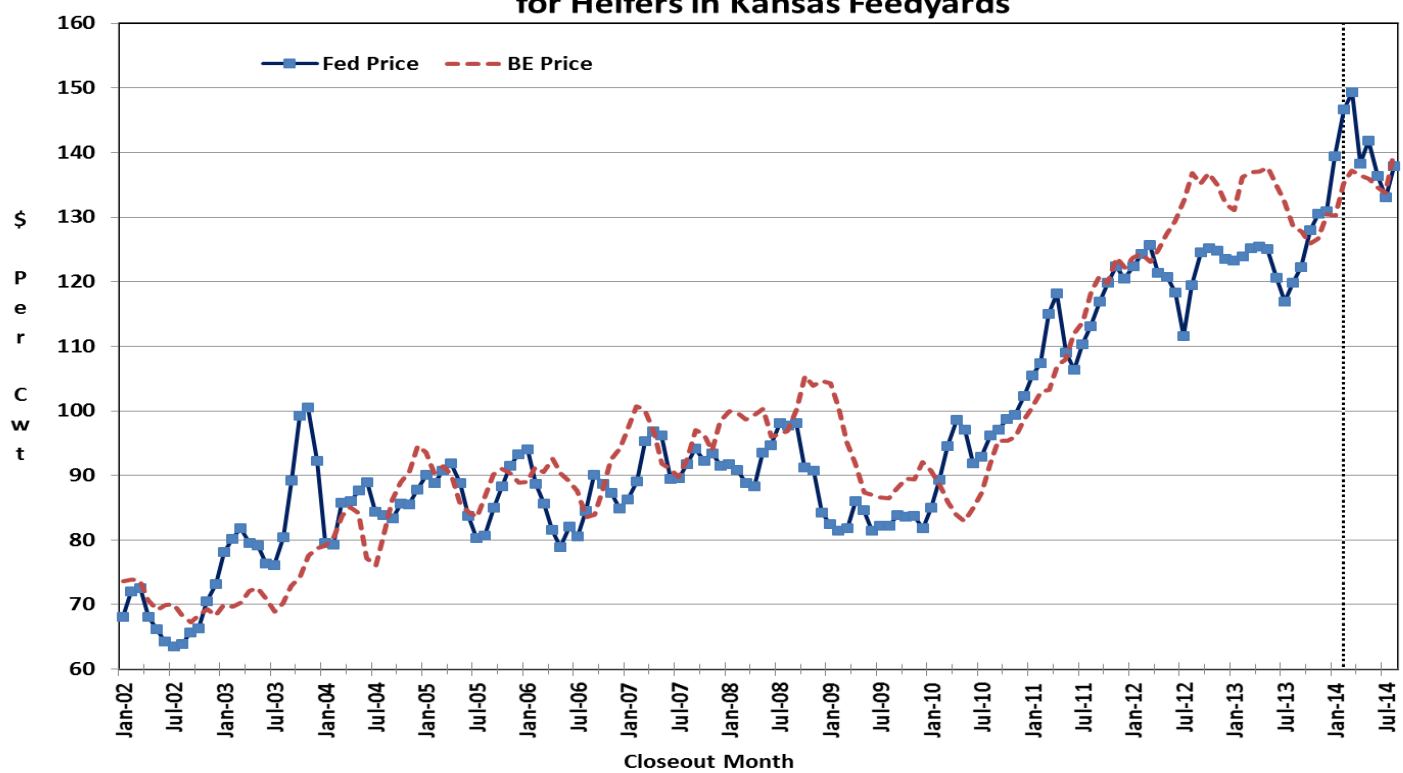


Figure 5. Historical & Projected Feeding Cost of Gain and Breakeven Cost of Gain for Steers in Kansas Feedyards

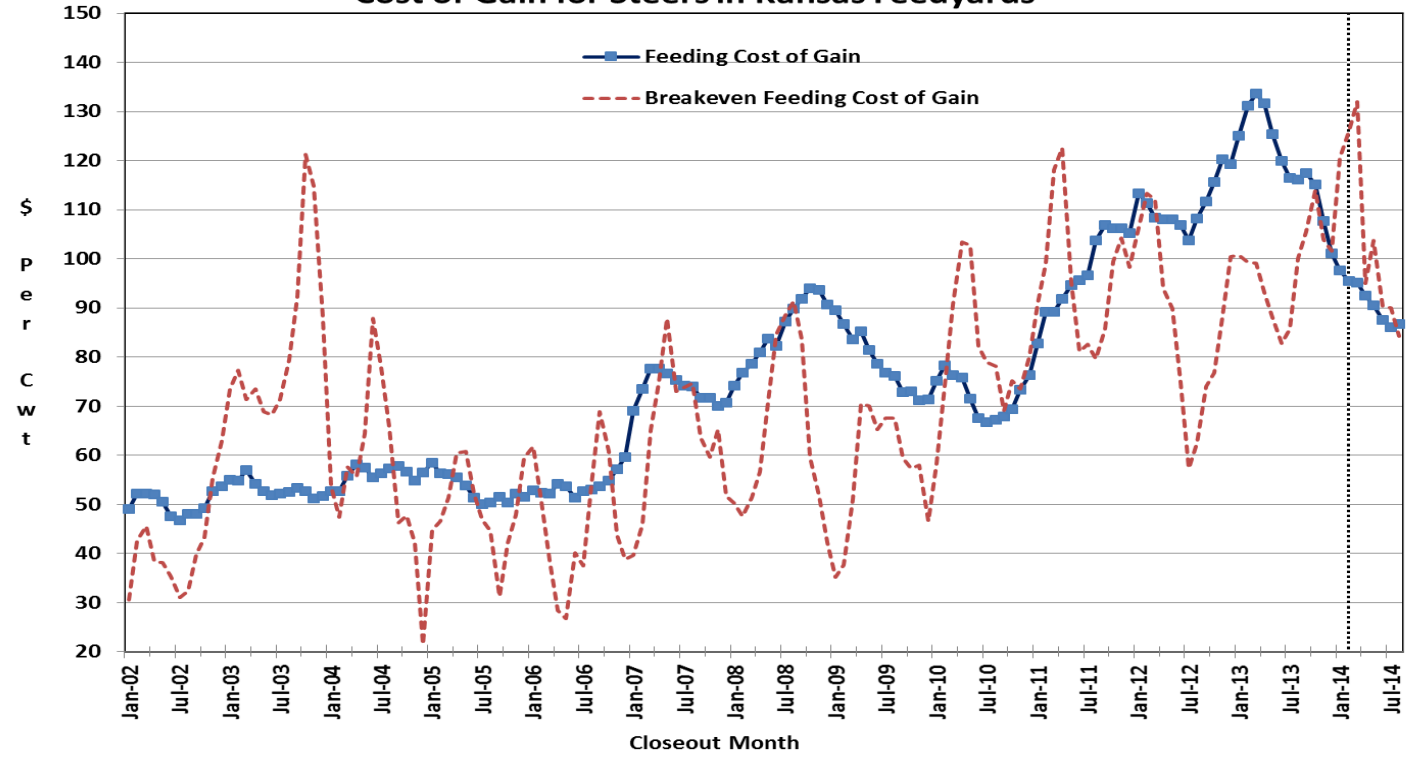


Figure 6. Historical & Projected Feeding Cost of Gain and Breakeven Cost of Gain for Heifers in Kansas Feedyards

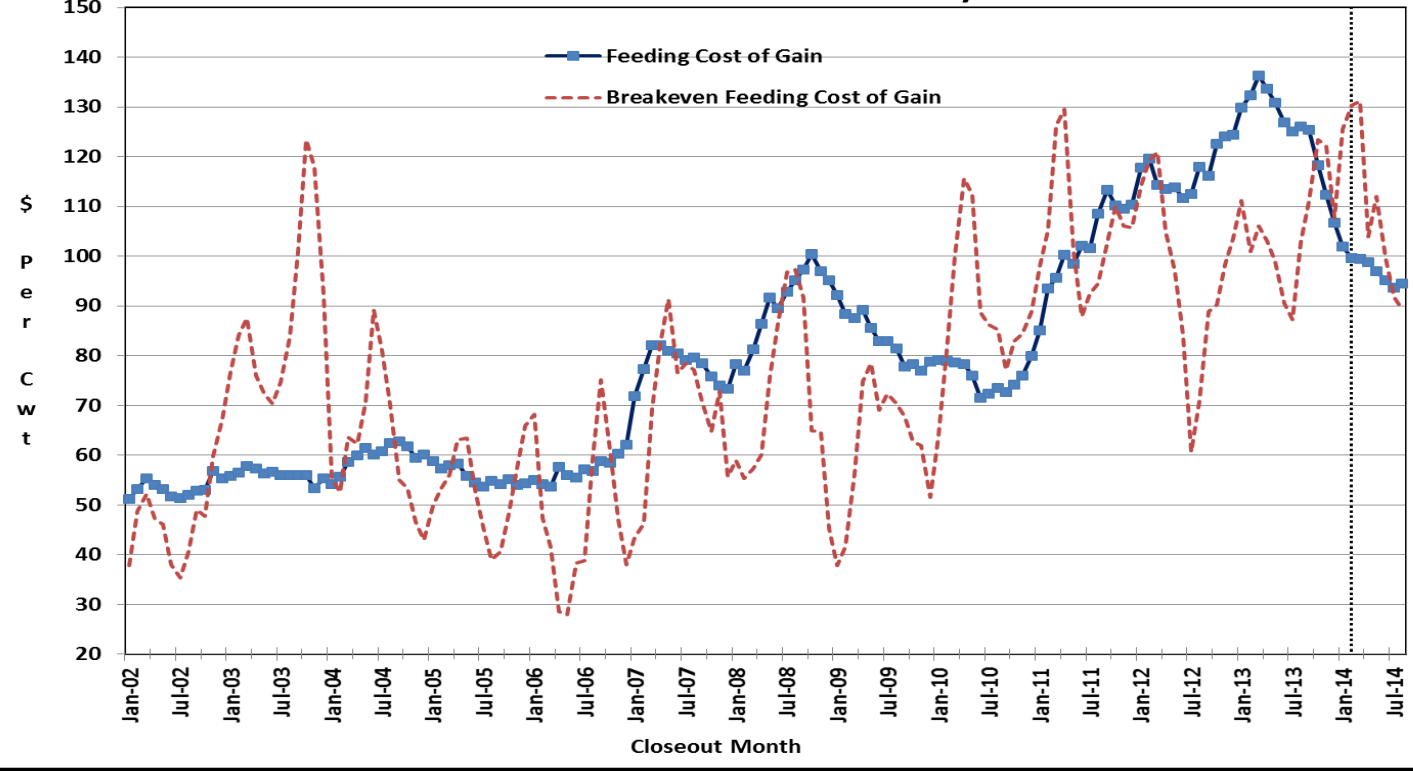


Figure 7. Historical & Projected Feeder Cattle Prices and Breakeven Prices for Steers in Kansas Feedyards

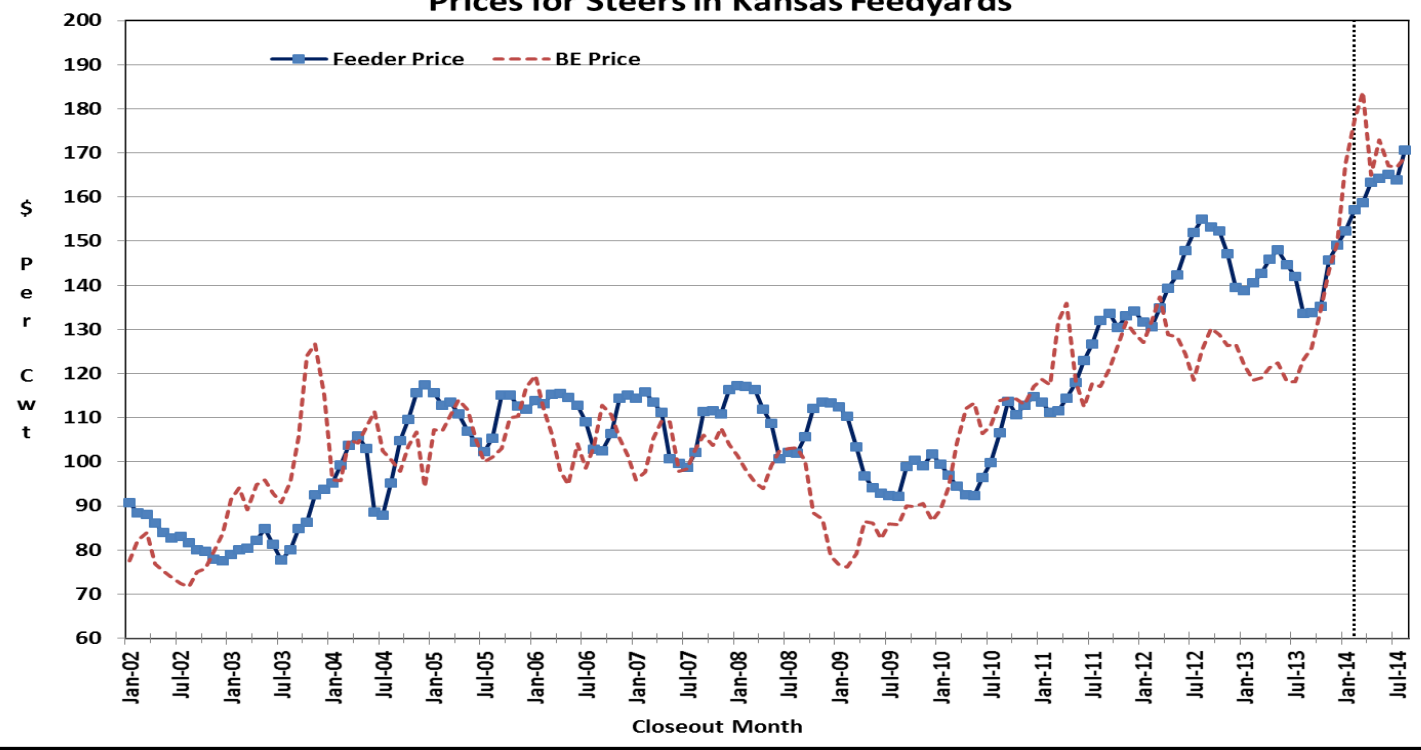


Figure 8. Historical & Projected Feeder Cattle Prices and Breakeven Prices for Heifers in Kansas Feedyards

