

Historical and Projected Kansas Feedlot Net Returns

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This short article presents estimated net returns of cattle finishing operations as of February 4, 2013. 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 December of 2012. As shown in figures 1 and 2, steers and heifers were estimated to be sold in December at significant losses (-\$108.11/hd and -\$108.05/hd, respectively).

Projected Returns

Given the one-month lag in *Focus on Feedlots* survey information, market information is available for January of 2013 but realized animal performance data are not yet available. Currently, the net returns projected for closeouts in January are -\$110.09/hd and -\$100.90/hd for steers and heifers, respectively (tables 1 and 2). While less extreme than the past few months, these significantly negative returns are larger than were projected last month largely due to the recent pullback 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 included in tables 1 and 2 suggest returns will improve, but remain negative, in coming months mainly reflecting significantly higher sales prices. 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
Jan-13	-110.09	120.88	124.80	138.40	101.37	132.81	124.80
Feb-13	-29.57	123.11	133.37	140.90	117.81	135.49	137.38
Mar-13	-0.19	119.47	134.62	142.71	119.44	134.64	142.69
Apr-13	-49.18	116.96	131.19	144.88	108.45	134.81	138.59
May-13	-17.69	114.44	133.41	146.95	111.52	134.68	144.71
Jun-13	-43.21	111.98	130.53	146.32	104.82	133.56	141.08

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
Jan-13	-100.90	128.27	123.32	130.76	107.56	131.40	117.52
Feb-13	-36.69	131.39	131.79	134.12	123.70	134.76	129.28
Mar-13	-2.83	126.61	132.89	134.91	126.05	133.12	134.52
Apr-13	-17.63	124.18	130.56	135.04	120.80	132.02	132.45
May-13	-2.73	121.15	132.46	138.10	120.63	132.68	137.72
Jun-13	-27.86	117.67	129.26	138.61	112.49	131.44	134.83

* 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

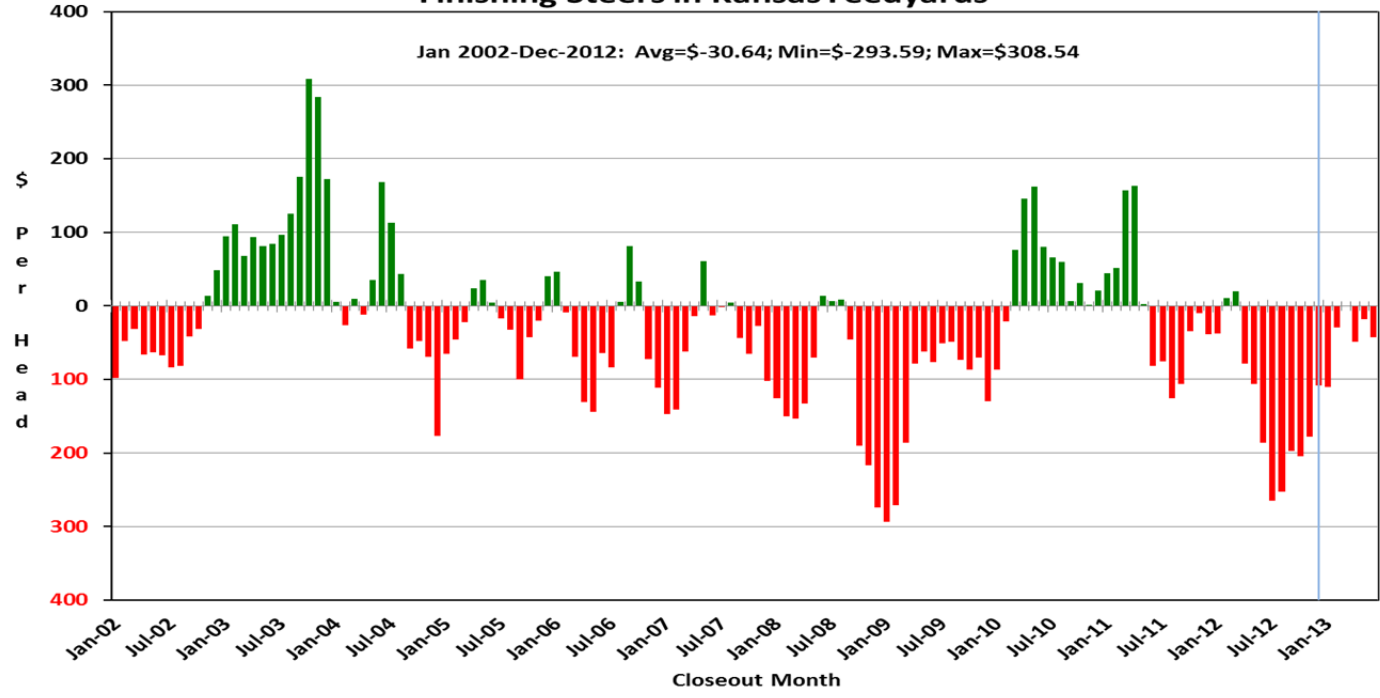


Figure 2. Historical & Projected Average Net Returns for Finishing Heifers in Kansas Feedyards

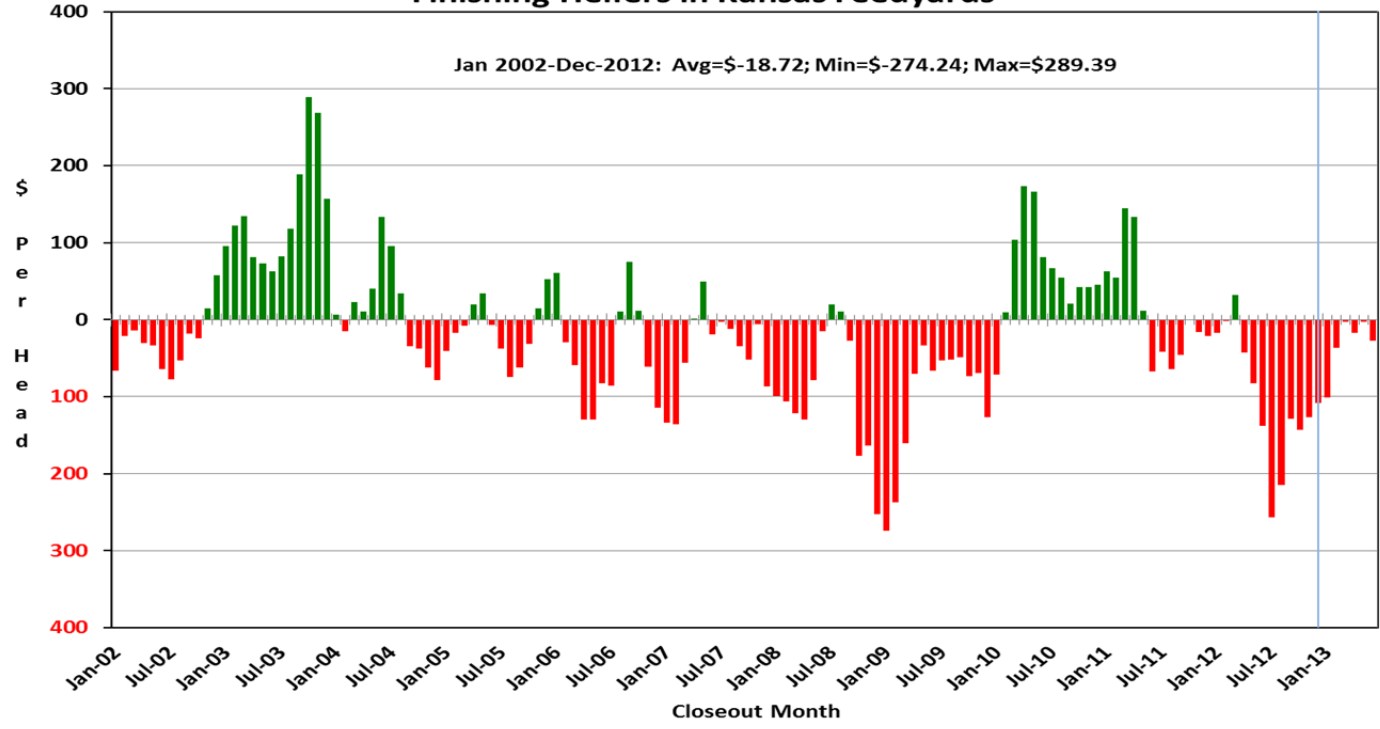


Figure 3. Historical & Projected Fed Cattle Prices and Breakeven Prices for Steers in Kansas Feedyards

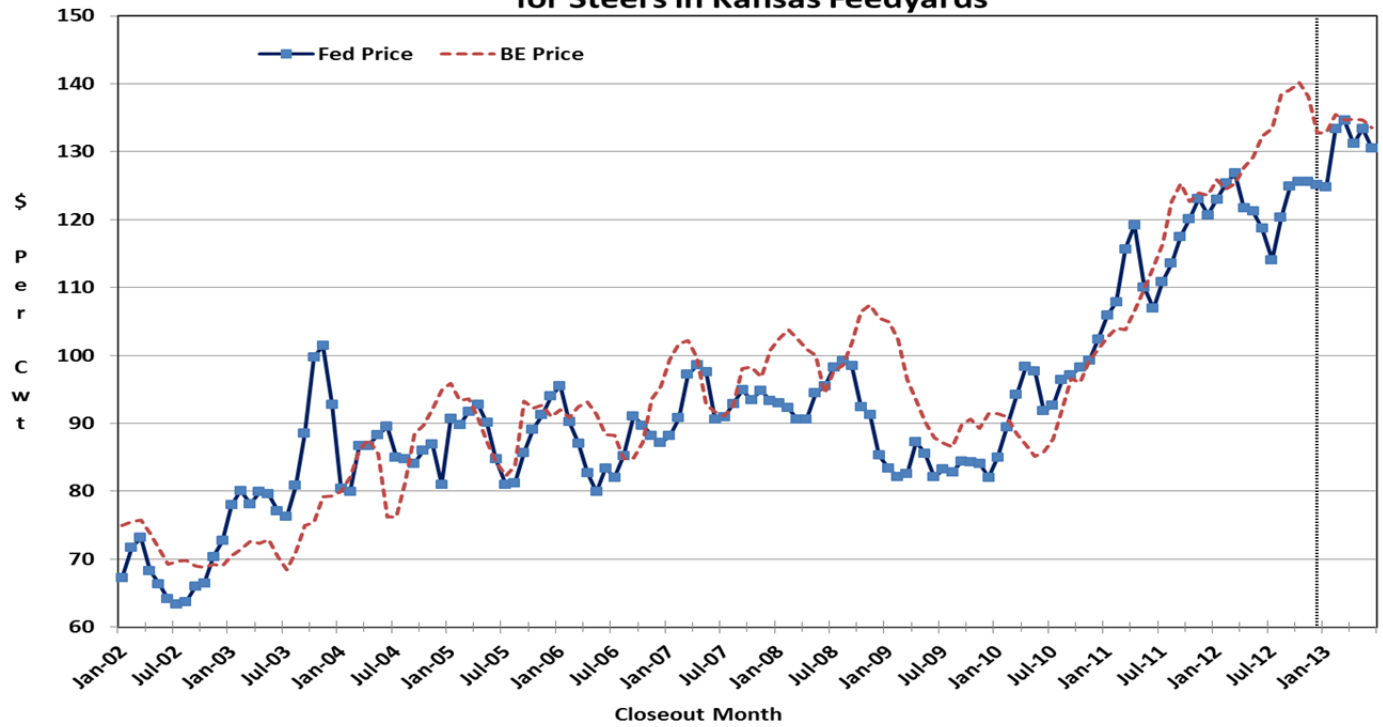
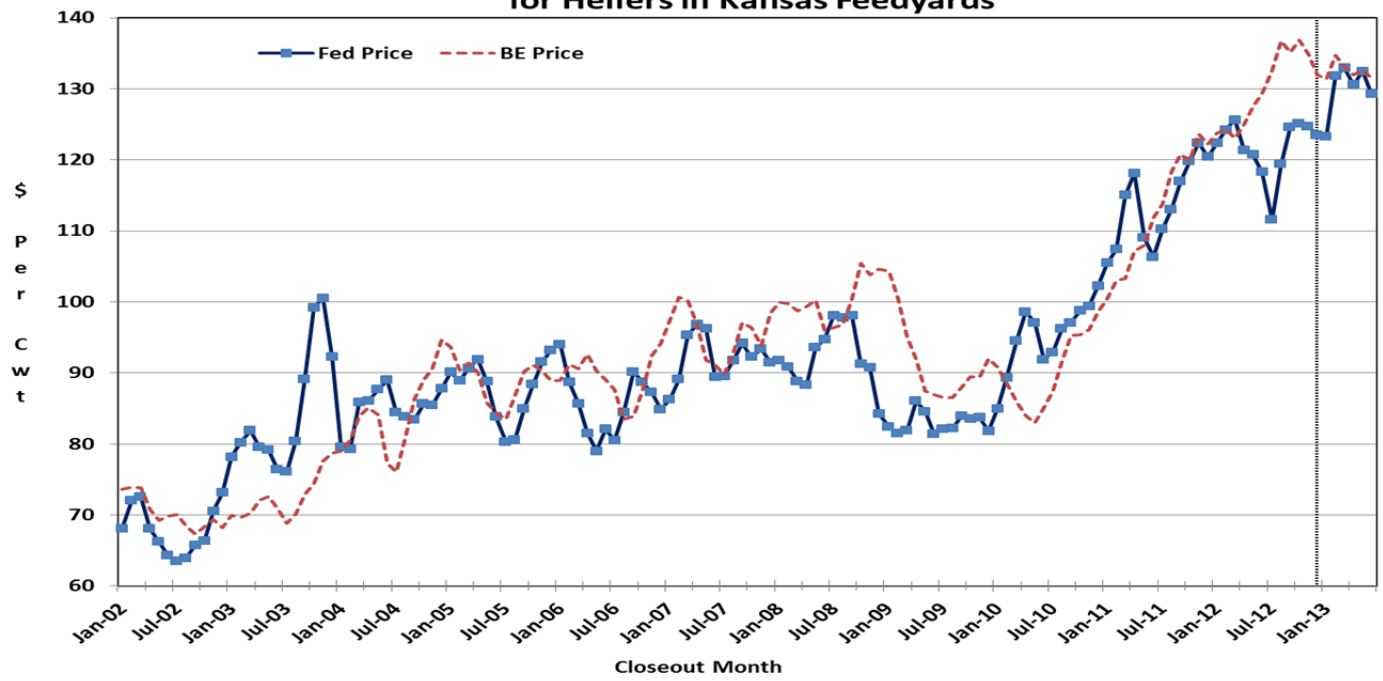


Figure 4. Historical & Projected Fed Cattle Prices and Breakeven Prices for Heifers in Kansas Feedyards



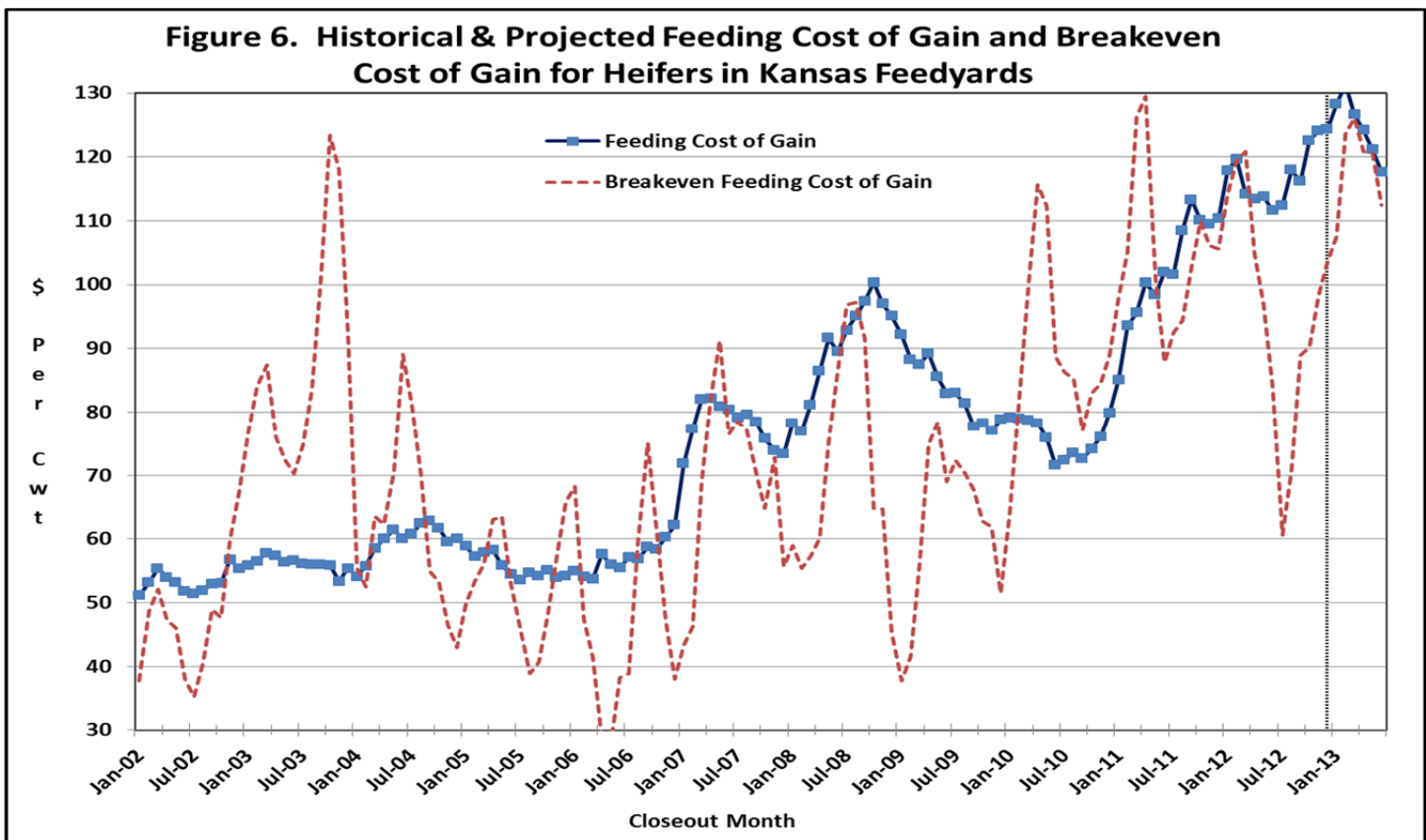
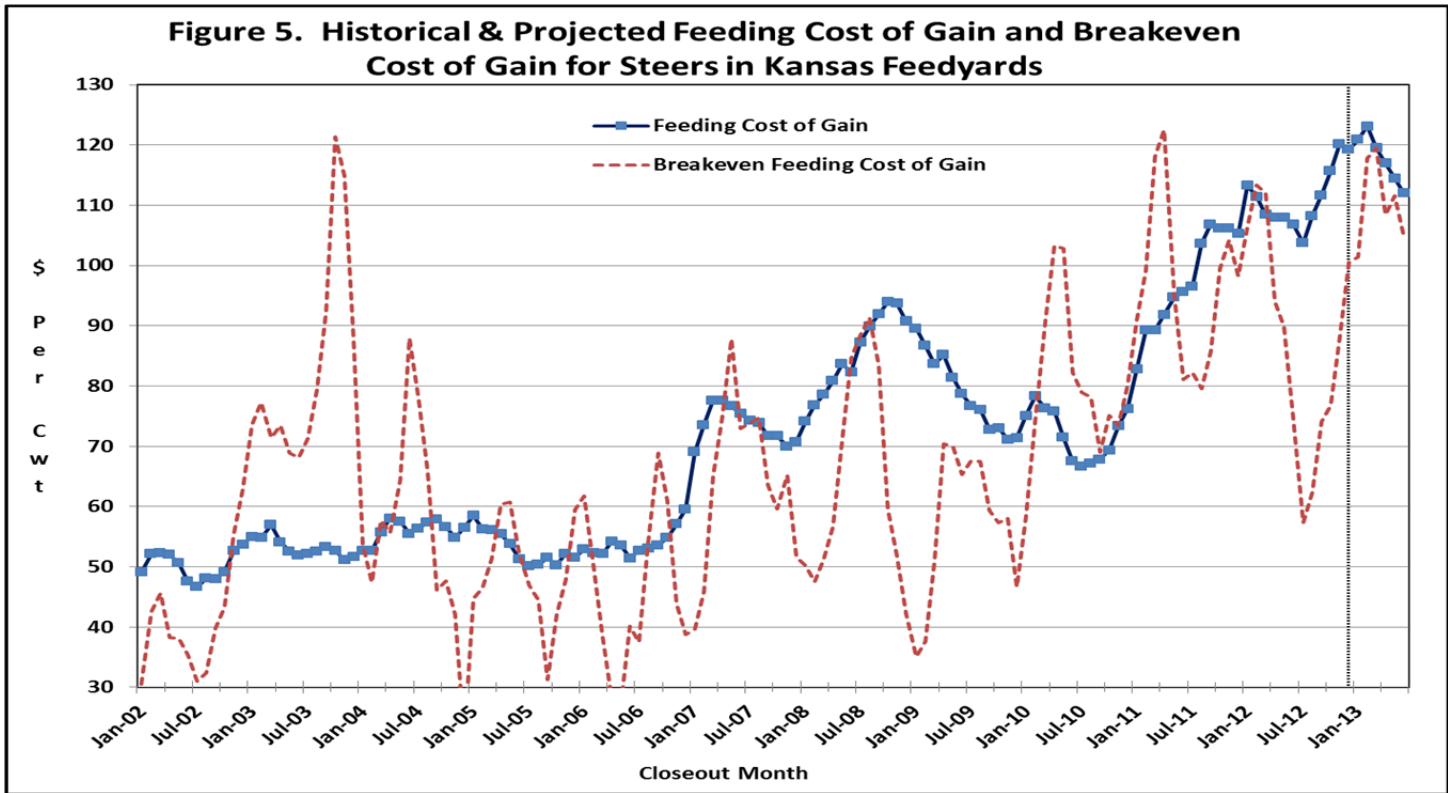


Figure 7. Historical & Projected Feeder Cattle Prices and Breakeven Prices for Steers in Kansas Feedyards

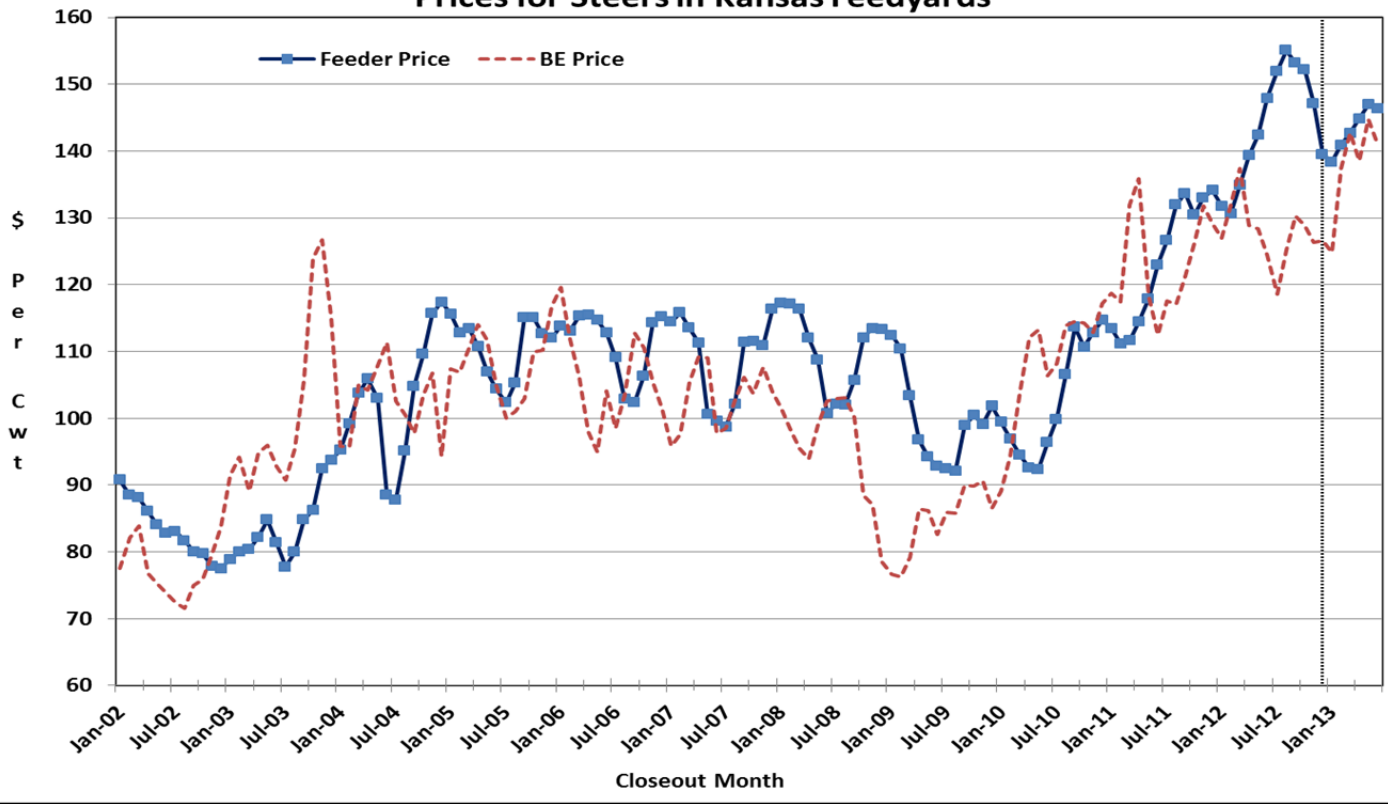


Figure 8. Historical & Projected Feeder Cattle Prices and Breakeven Prices for Heifers in Kansas Feedyards

