

Historical and Projected Kansas Feedlot Net Returns

November 2015

Glynn T. Tonsor (Kansas State University)

This article presents estimated net returns of cattle finishing operations as of November 11, 2015. The calculation and projection process was updated in July of 2012.¹ **This process reflects a cash market situation without price risk management strategies being implemented.** 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 September of 2015. As shown in figures 1 and 2, steers were estimated to be sold in September at losses of (-\$357.39/hd) while heifers were also sold at losses (-\$332.57/hd). These September \$/hd losses are the largest on record in this series since January 2002.

Projected Returns

Given the one-month lag in *Focus on Feedlots* survey information, market information is available for October of 2015 but realized animal performance data are not yet available. Currently, the net returns projected for closeouts in October are losses of -\$462.51/hd and -\$448.31/hd for steers and heifers, respectively (tables 1 and 2). Tables 1 and 2 also present projected net returns for closeouts over the next nine 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 continue to suggest upcoming closeout months will be at record setting losses. These projected losses primarily reflect significant declines in projected fed cattle prices relative to previously established feeder cattle 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
Oct-15	-462.51	84.73	133.20	215.75	5.65	165.25	161.85
Nov-15	-499.65	84.43	132.36	219.15	-2.22	167.33	160.52
Dec-15	-461.06	85.74	134.13	212.71	3.73	165.97	160.67
Jan-16	-435.38	86.51	135.29	208.73	4.76	165.76	160.17
Feb-16	-334.95	86.82	135.92	203.72	27.90	159.52	164.34
Mar-16	-224.79	86.40	137.01	190.58	44.41	153.10	164.49
Apr-16	-222.92	85.19	128.58	181.71	46.40	144.47	154.80
May-16	-45.52	85.16	131.21	163.29	77.02	134.45	157.92
Jun-16	-131.70	85.43	124.43	162.02	62.14	133.70	146.62
Jul-16	-111.29	86.01	125.38	158.17	65.77	133.05	145.81

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
Oct-15	-448.31	90.61	132.57	213.12	0.58	167.77	155.34
Nov-15	-458.05	90.19	132.15	214.32	0.12	167.78	155.36
Dec-15	-437.98	89.51	133.07	212.65	-1.20	167.88	156.16
Jan-16	-380.66	91.61	134.23	205.78	15.22	163.95	157.13
Feb-16	-278.56	92.42	134.86	193.32	37.78	156.26	158.13
Mar-16	-181.20	93.04	136.43	185.37	57.55	150.71	161.46
Apr-16	-235.40	90.48	127.08	179.58	45.12	145.59	148.29
May-16	-57.92	91.13	130.12	163.85	80.57	134.68	155.82
Jun-16	-107.02	91.89	122.50	150.88	69.41	130.87	137.53
Jul-16	-71.23	92.53	123.33	147.81	77.59	128.95	138.81

* 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

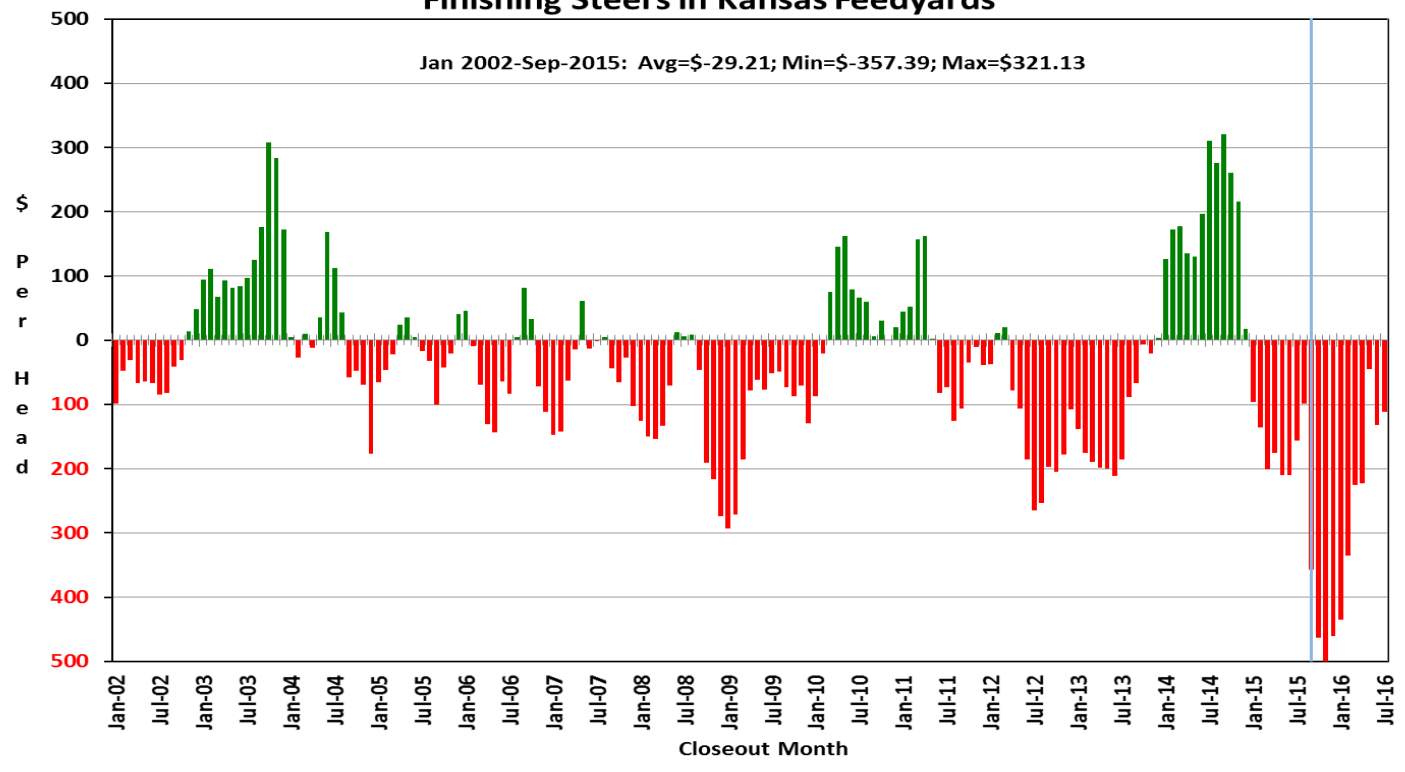


Figure 2. Historical & Projected Average Net Returns for Finishing Heifers in Kansas Feedyards

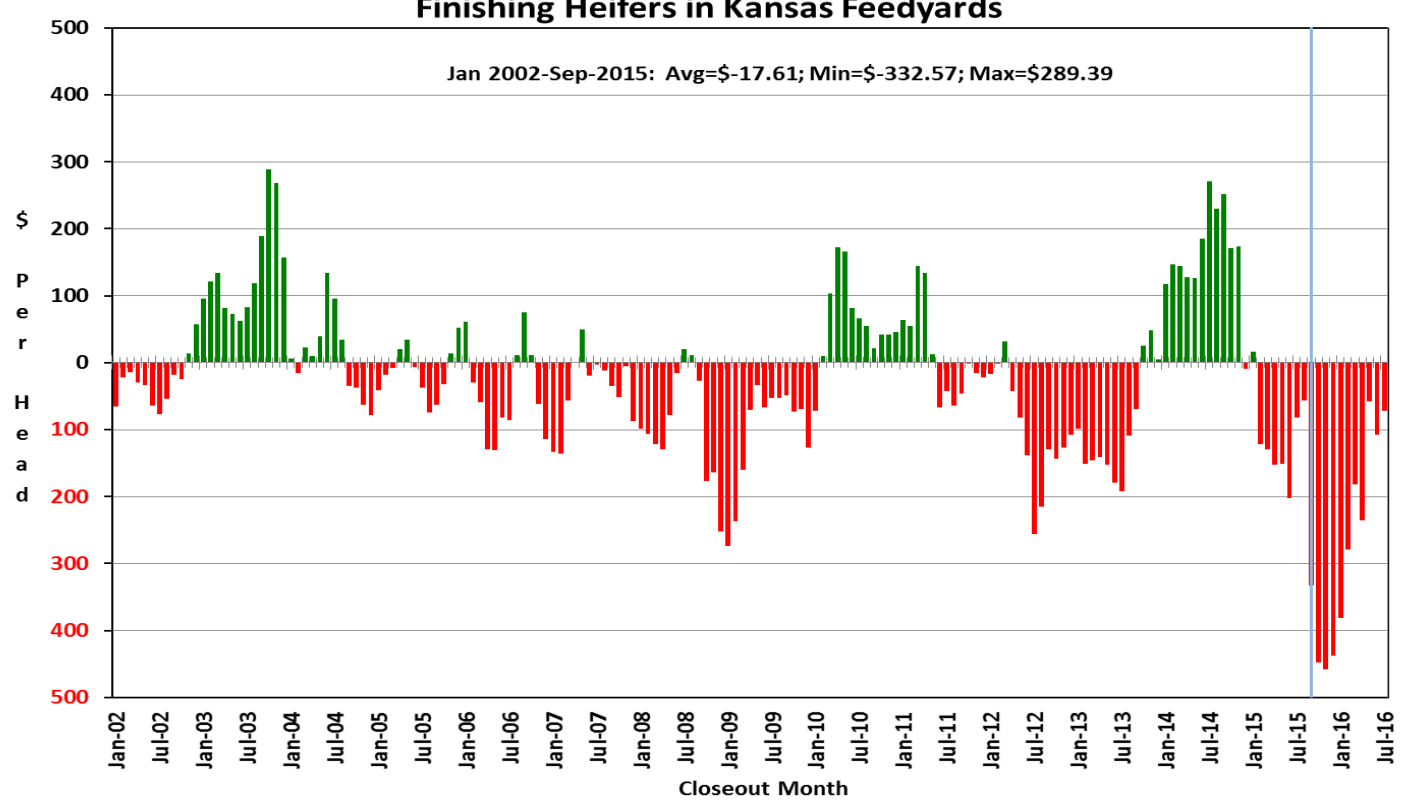


Figure 3. Historical & Projected Fed Cattle Prices and Breakeven Prices for Steers in Kansas Feedyards

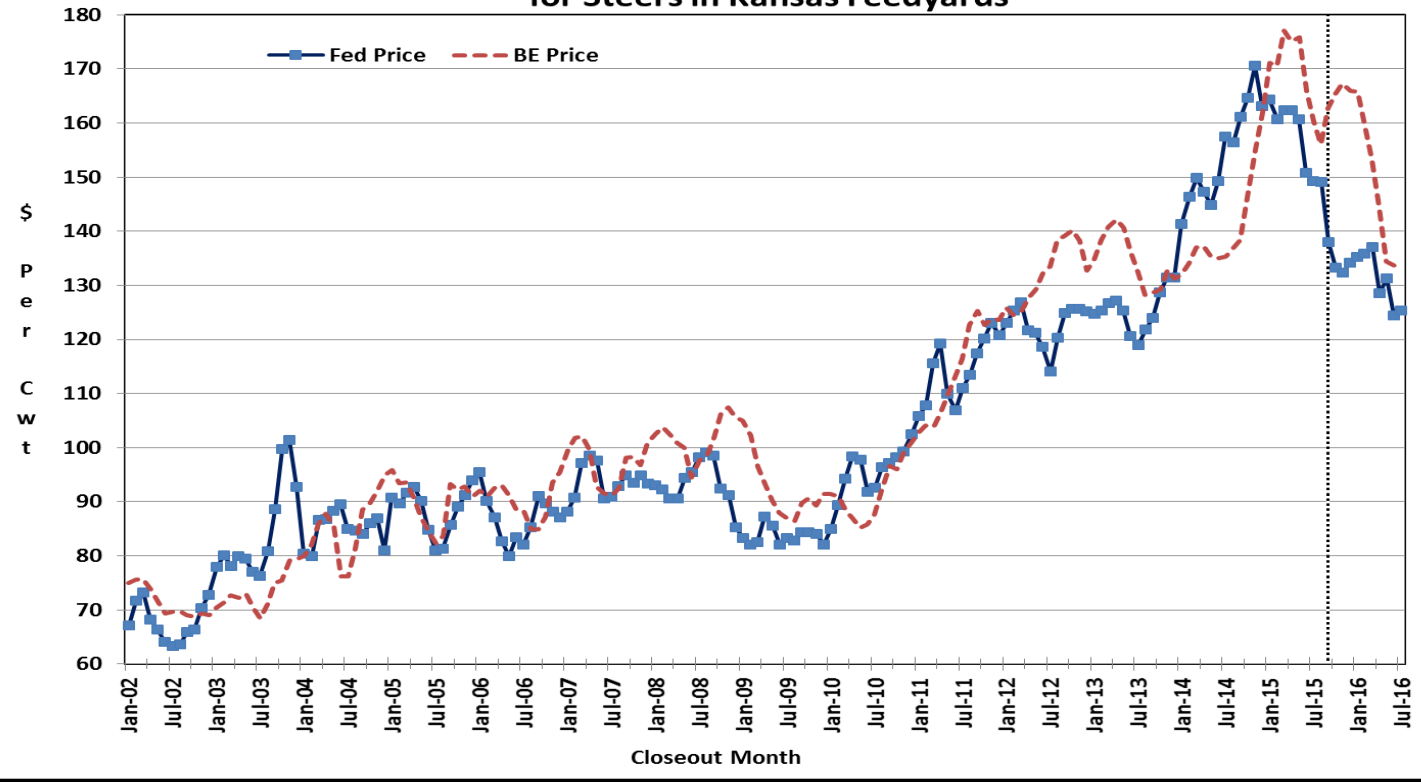


Figure 4. Historical & Projected Fed Cattle Prices and Breakeven Prices for Heifers in Kansas Feedyards

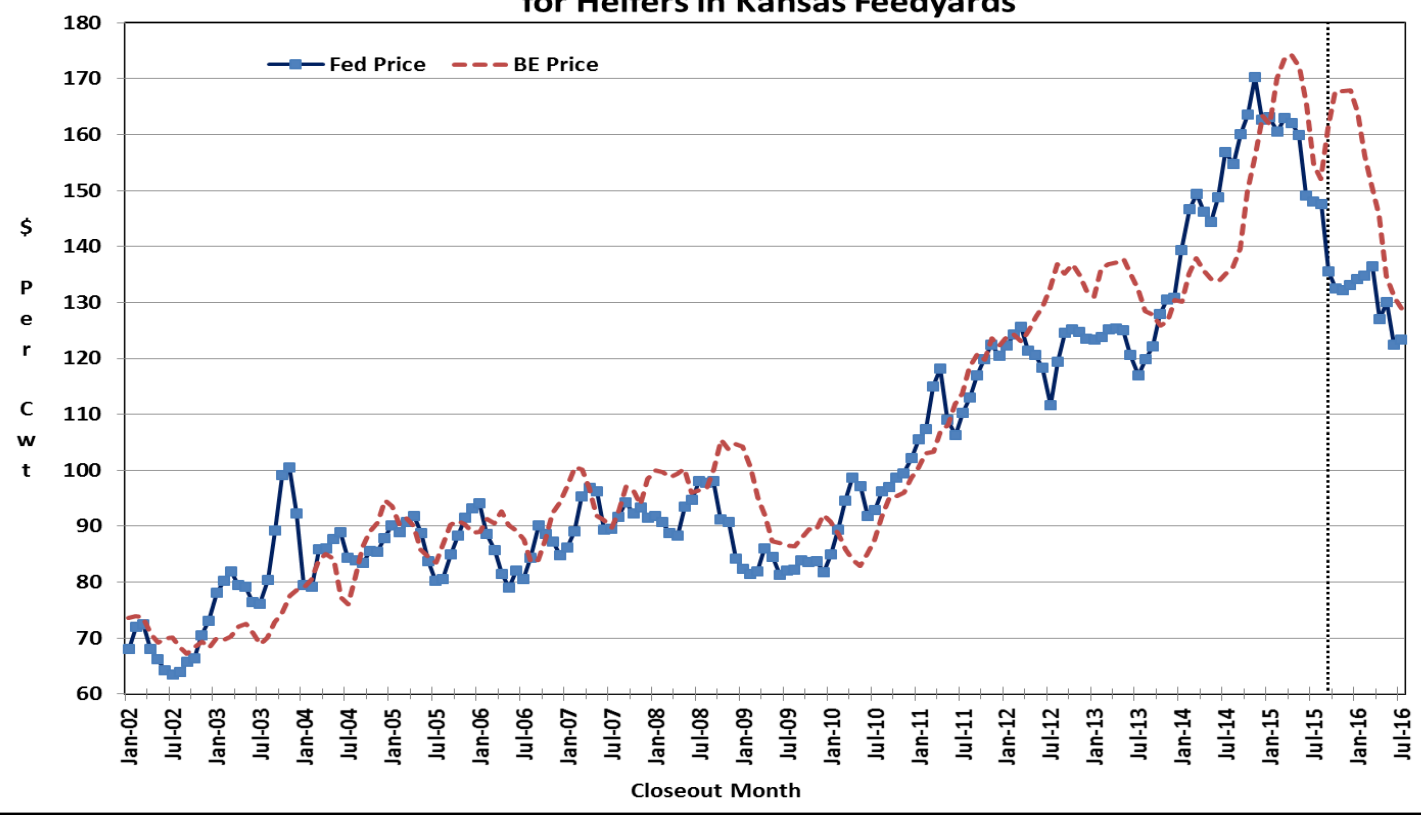


Figure 5. Historical & Projected Feeding Cost of Gain and Breakeven Cost of Gain for Steers in Kansas Feedyards

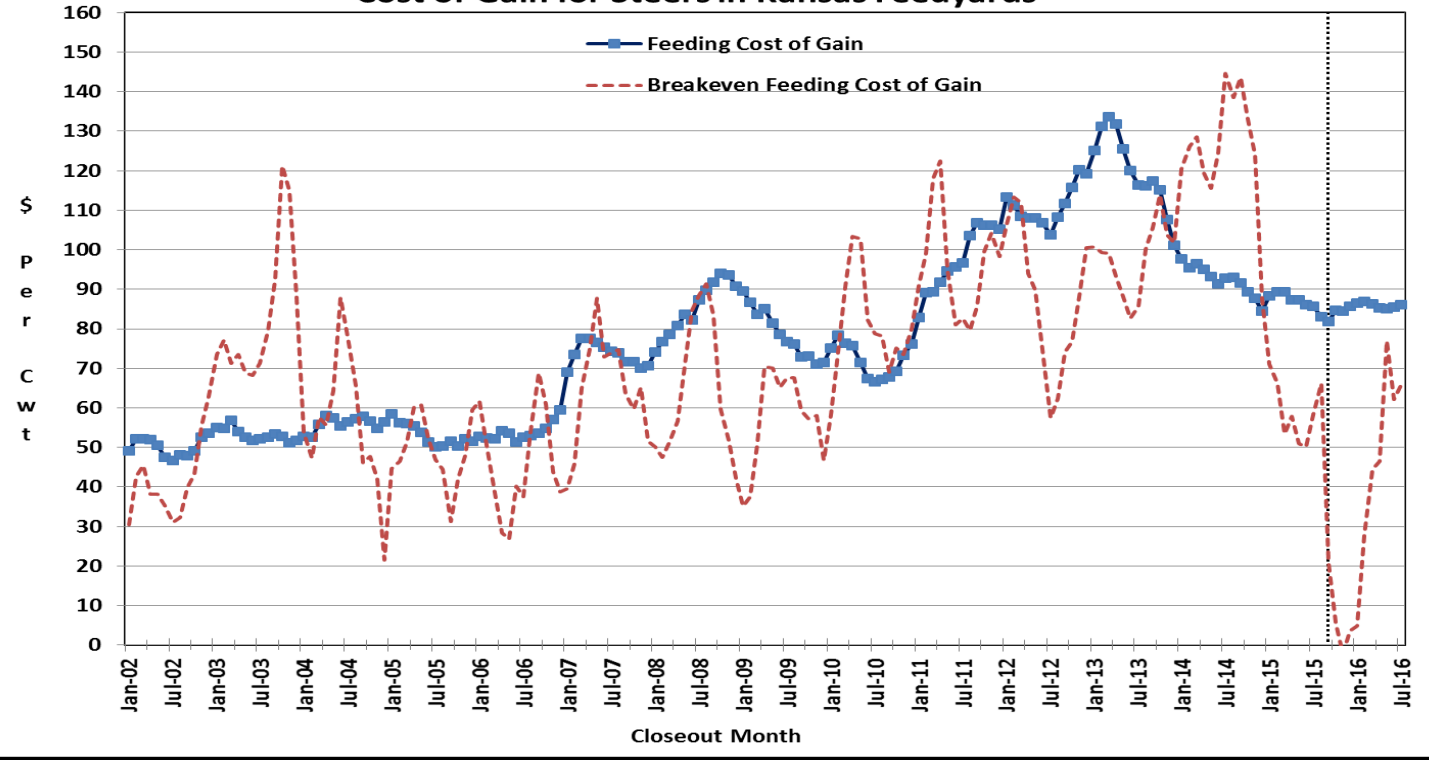


Figure 6. Historical & Projected Feeding Cost of Gain and Breakeven Cost of Gain for Heifers in Kansas Feedyards

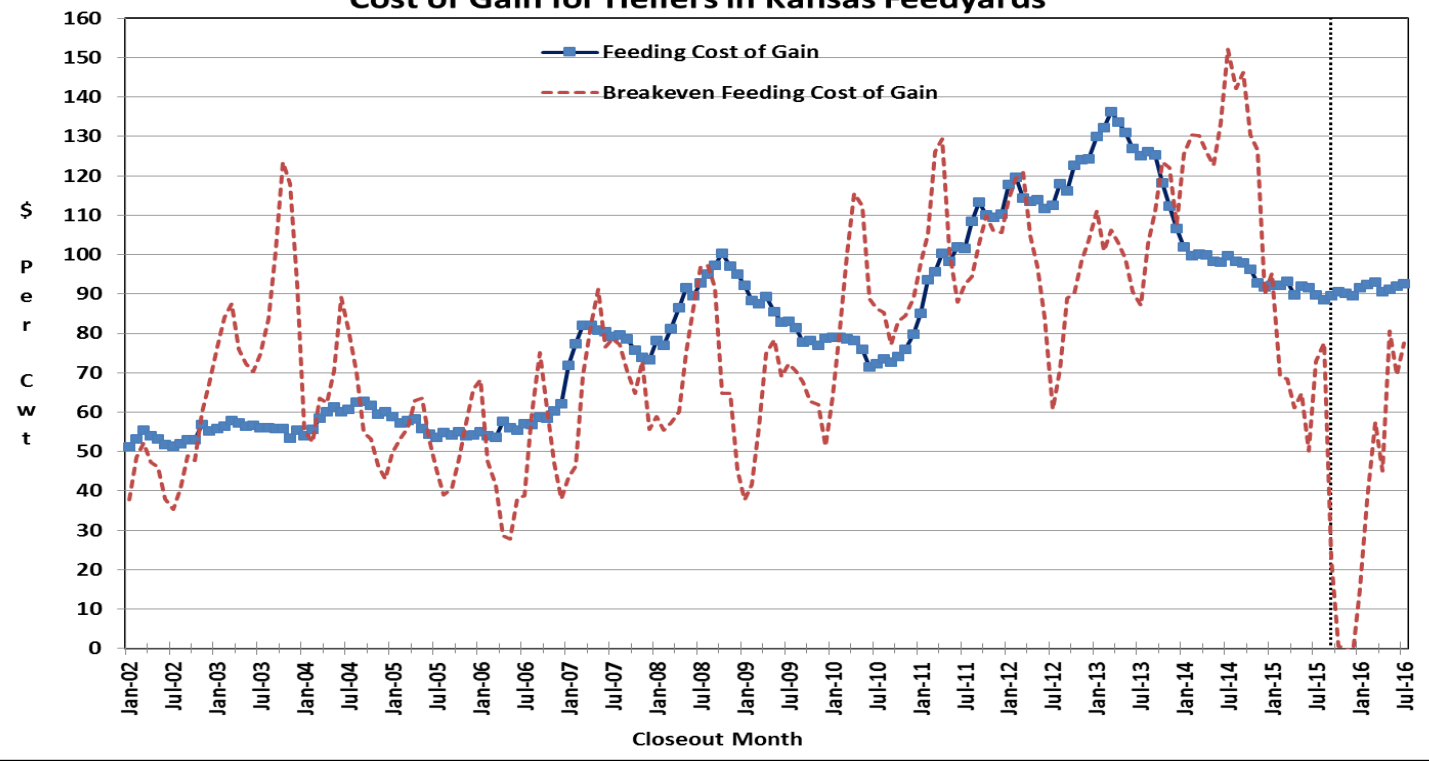


Figure 7. Historical & Projected Feeder Cattle Prices and Breakeven Prices for Steers in Kansas Feedyards

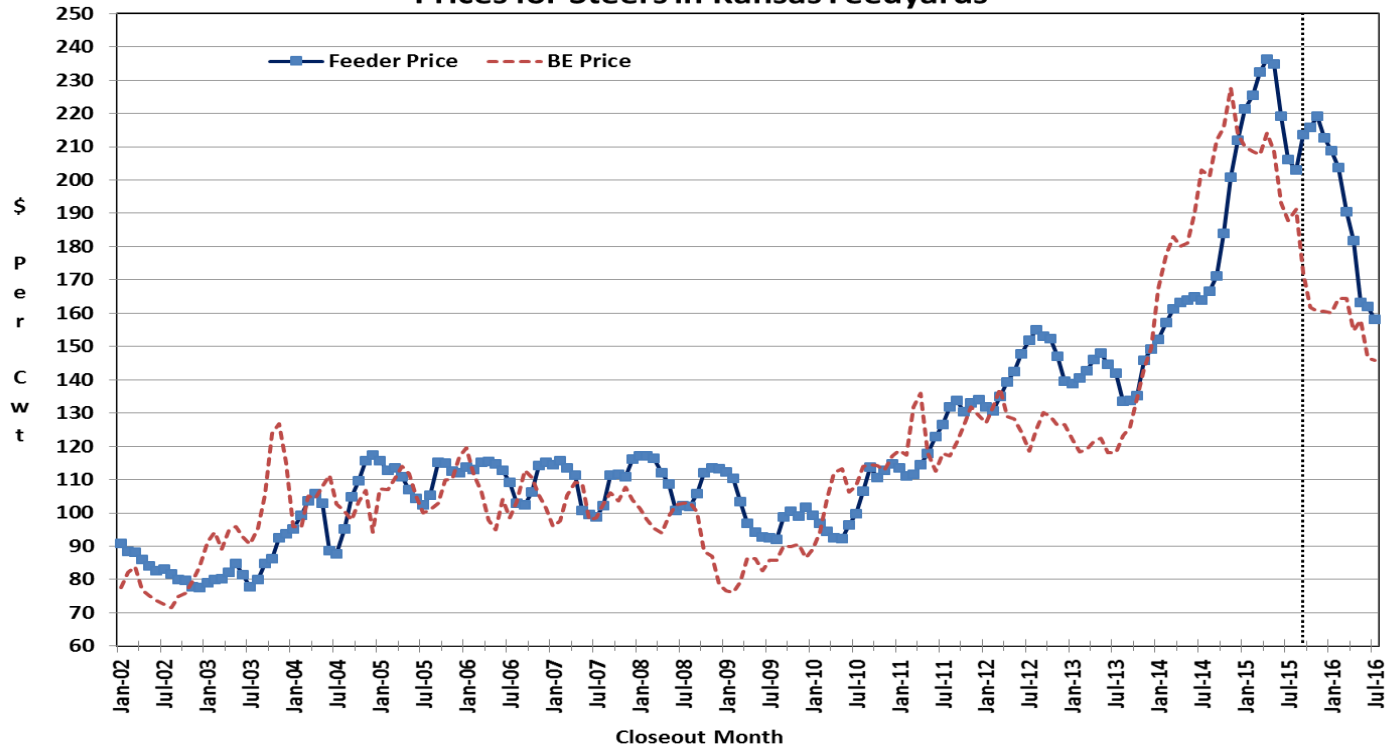


Figure 8. Historical & Projected Feeder Cattle Prices and Breakeven Prices for Heifers in Kansas Feedyards

