Historical and Projected Kansas Feedlot Net Returns

Glynn Tonsor (gtonsor@ksu.edu)
Kansas State University Department of Agricultural Economics – June 2020

This article presents estimated net returns of cattle finishing operations as of June 11, 2020. 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 April of 2020. As shown in figures 1 and 2, steers and heifers were estimated to be sold in April at -$229.63/hd and -$170.90/hd, respectively.

Projected Returns

Given the one-month lag in *Focus on Feedlots* survey information, market information is available for May of 2020 but realized animal performance data are not yet available. Currently, the net returns projected for closeouts in May are -$107.72/hd and -$83.67/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. Included 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. 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-meat/cattle-finishing-historical-and-projected-returns/detail-procedures-estimating-fed.

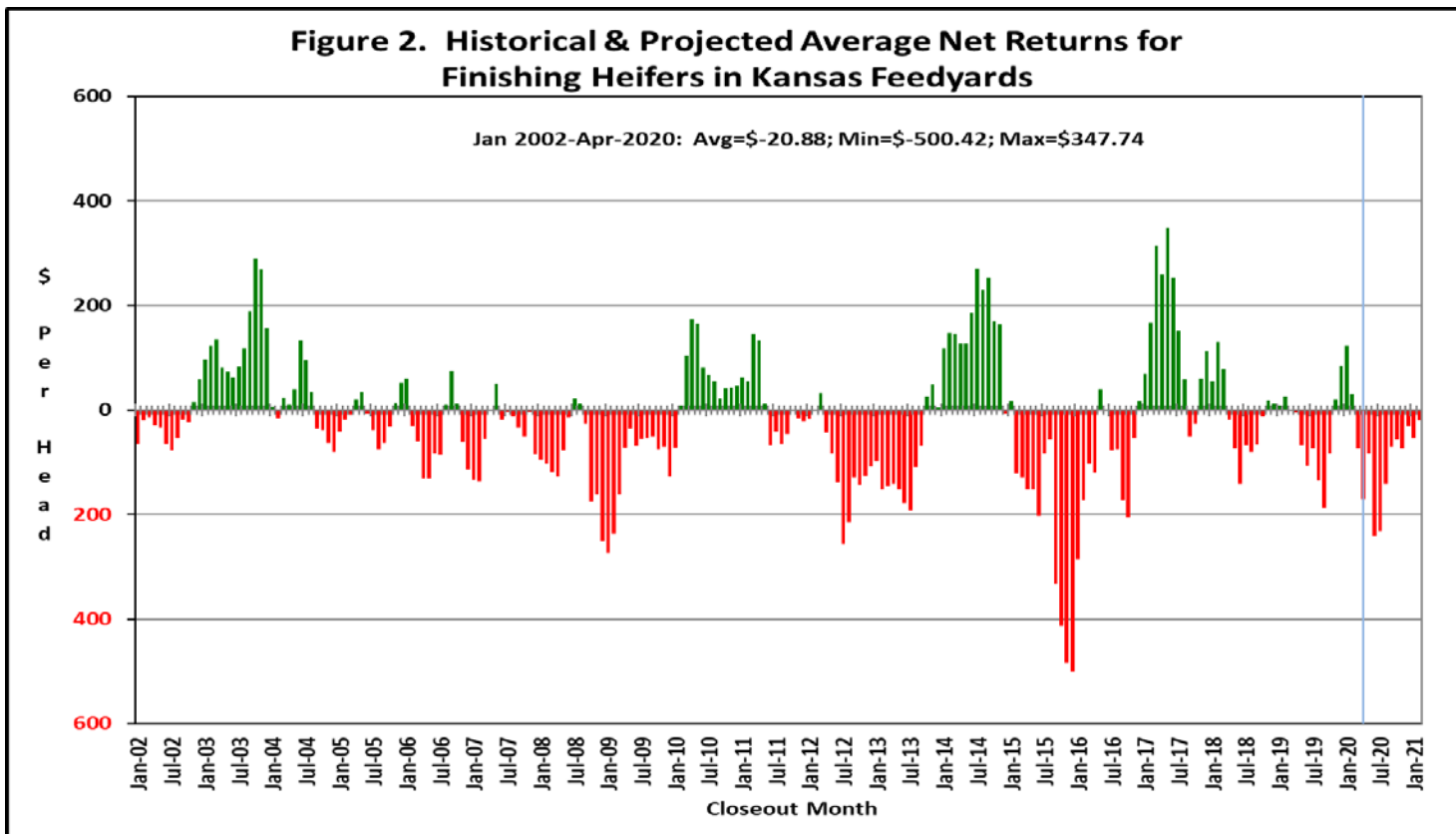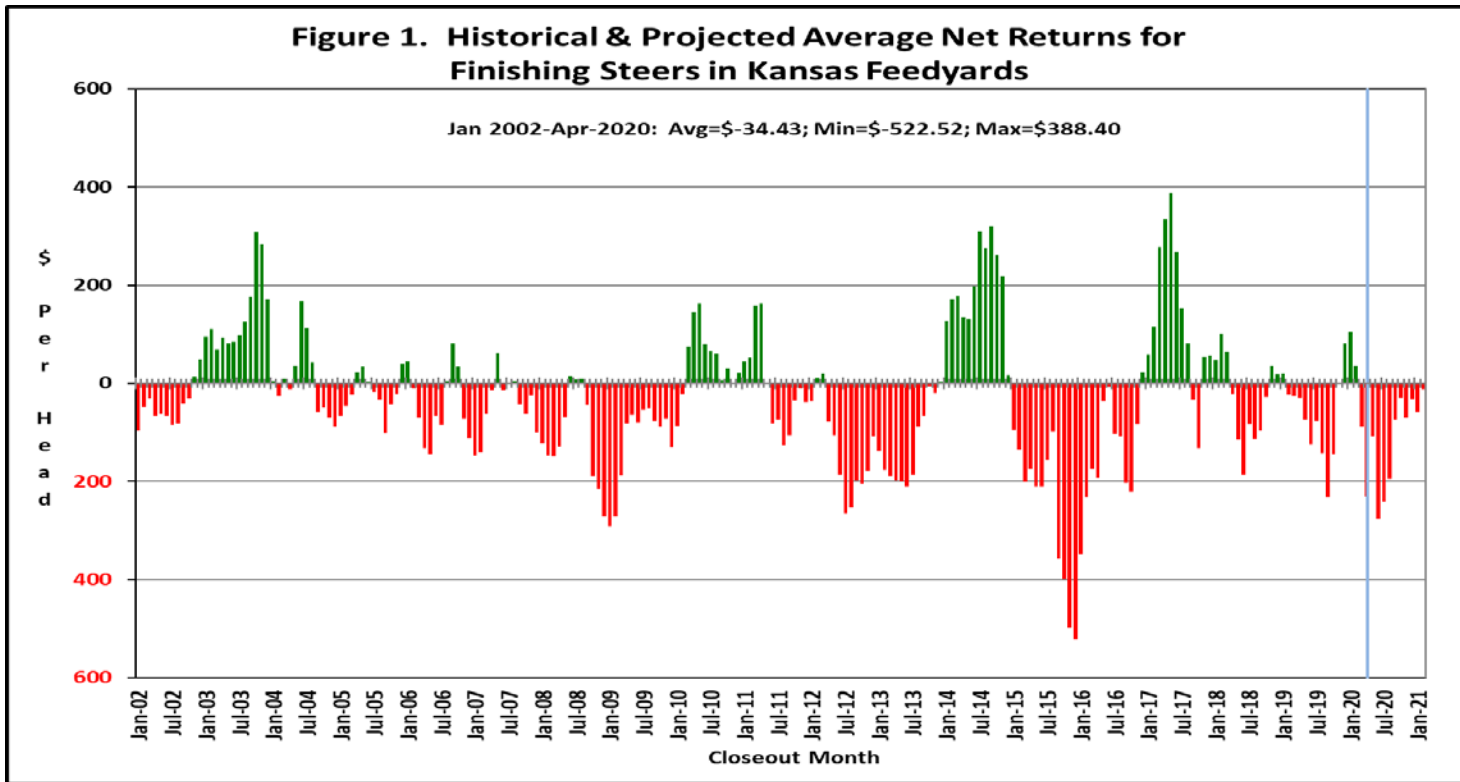**Table 1. Projected Values for Finishing Steers in Kansas Feedyards***

Closeout Mo-Yr	Net Return	FCOG**	Fed Price	Fed Futures	Fed Basis	Feeder Price	Breakeven FCOG**	Breakeven Fed Price	Breakeven Feeder Price
May-20	-107.72	85.38	113.31	95.43	17.88	147.17	68.85	120.93	133.02
Jun-20	-276.79	84.16	99.60	96.45	3.15	146.50	43.16	119.08	109.39
Jul-20	-240.72	79.86	98.95	96.45	2.50	143.18	44.68	115.48	111.99
Aug-20	-194.58	78.30	100.33	99.08	1.26	139.74	49.45	113.58	115.25
Sep-20	-73.90	77.50	99.05	99.08	-0.02	123.94	66.55	104.14	114.44
Oct-20	-29.45	77.51	102.89	102.78	0.11	122.84	72.93	104.88	119.32
Nov-20	-71.30	78.02	103.18	102.78	0.41	128.37	67.45	107.87	119.95
Dec-20	-32.41	78.56	107.36	106.58	0.78	132.52	73.95	109.48	128.57
Jan-21	-57.98	78.72	106.70	106.58	0.12	132.88	70.15	110.53	125.94
Feb-21	-13.23	80.23	110.09	109.05	1.04	133.40	78.31	110.97	131.77

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

Closeout Mo-Yr	Net Return	FCOG**	Fed Price	Fed Futures	Fed Basis	Feeder Price	Breakeven FCOG**	Breakeven Fed Price	Breakeven Feeder Price
May-20	-83.67	91.82	113.30	95.43	17.88	139.83	77.26	119.97	127.52
Jun-20	-240.81	90.54	99.21	96.45	2.76	138.52	51.04	117.91	102.98
Jul-20	-231.19	89.27	98.65	96.45	2.20	134.76	49.47	116.49	102.43
Aug-20	-141.64	85.87	99.54	99.08	0.47	125.93	60.54	110.47	106.72
Sep-20	-71.13	84.71	98.79	99.08	-0.29	118.07	73.01	104.21	107.98
Oct-20	-57.08	84.17	102.92	102.78	0.14	120.44	73.78	107.19	113.18
Nov-20	-73.85	83.54	103.05	102.78	0.28	124.45	70.93	108.51	114.84
Dec-20	-31.01	85.20	107.12	106.58	0.54	125.64	80.05	109.40	121.52
Jan-21	-54.56	86.29	106.06	106.58	-0.52	125.54	77.19	110.06	118.40
Feb-21	-19.48	86.13	109.48	109.05	0.43	127.02	82.86	110.92	124.47

* Net return is $/head and all other values are $/cwt.
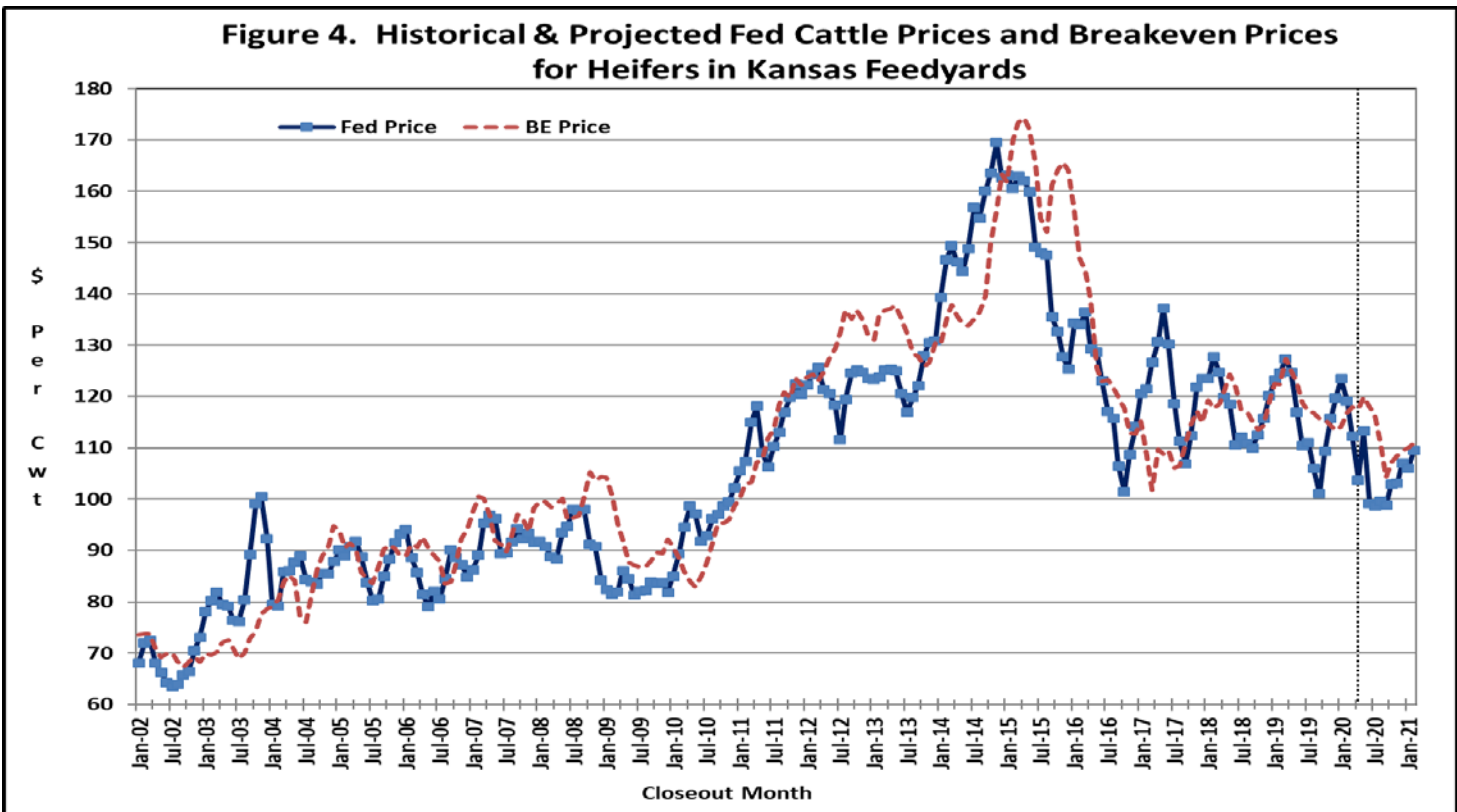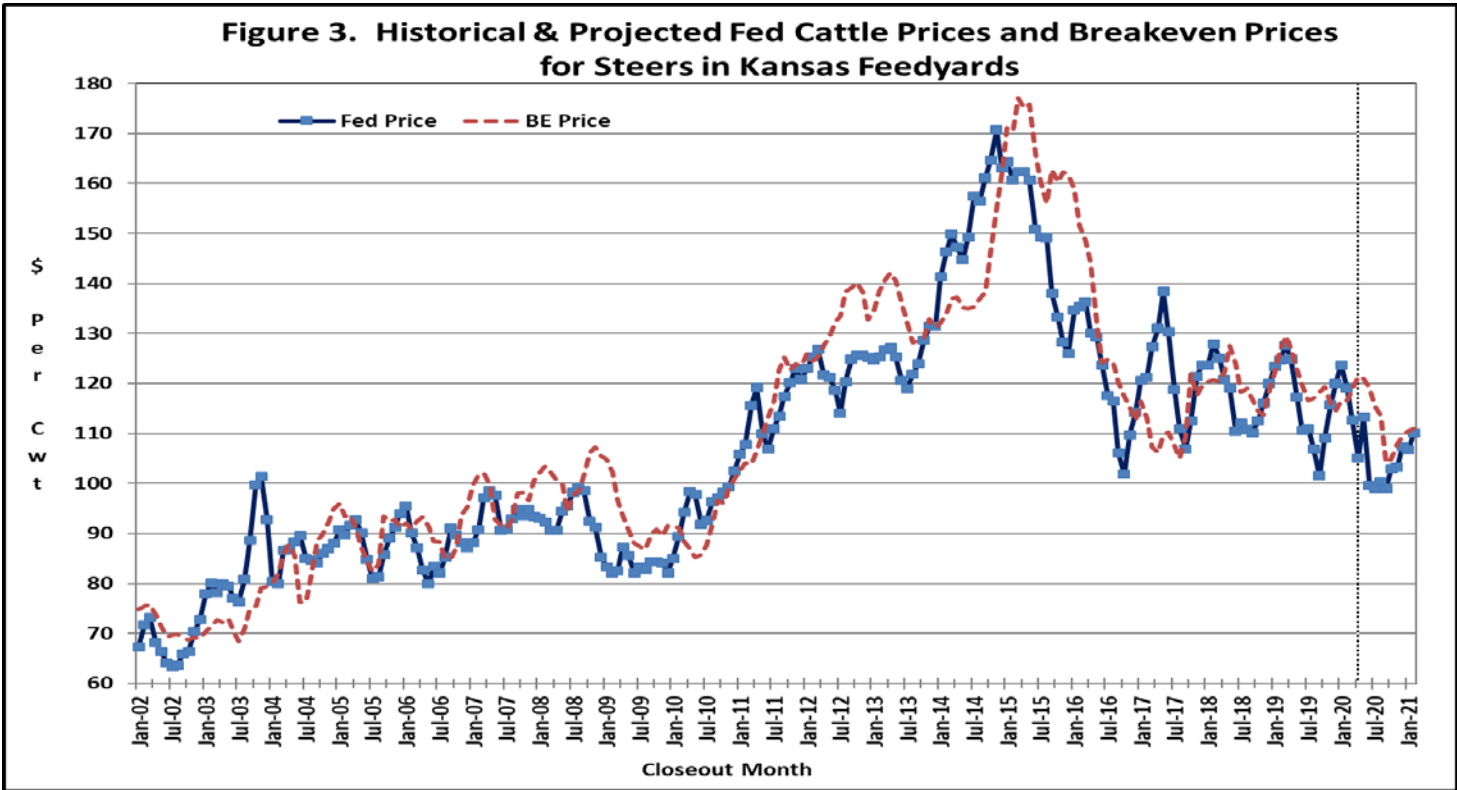
** FCOG = Feeding cost of gain

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

Jan 2002-Apr-2020: Avg=$-34.43; Min=$-522.52; Max=$388.40

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

Jan 2002-Apr-2020: Avg=$-20.88; Min=$-500.42; Max=$347.74

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

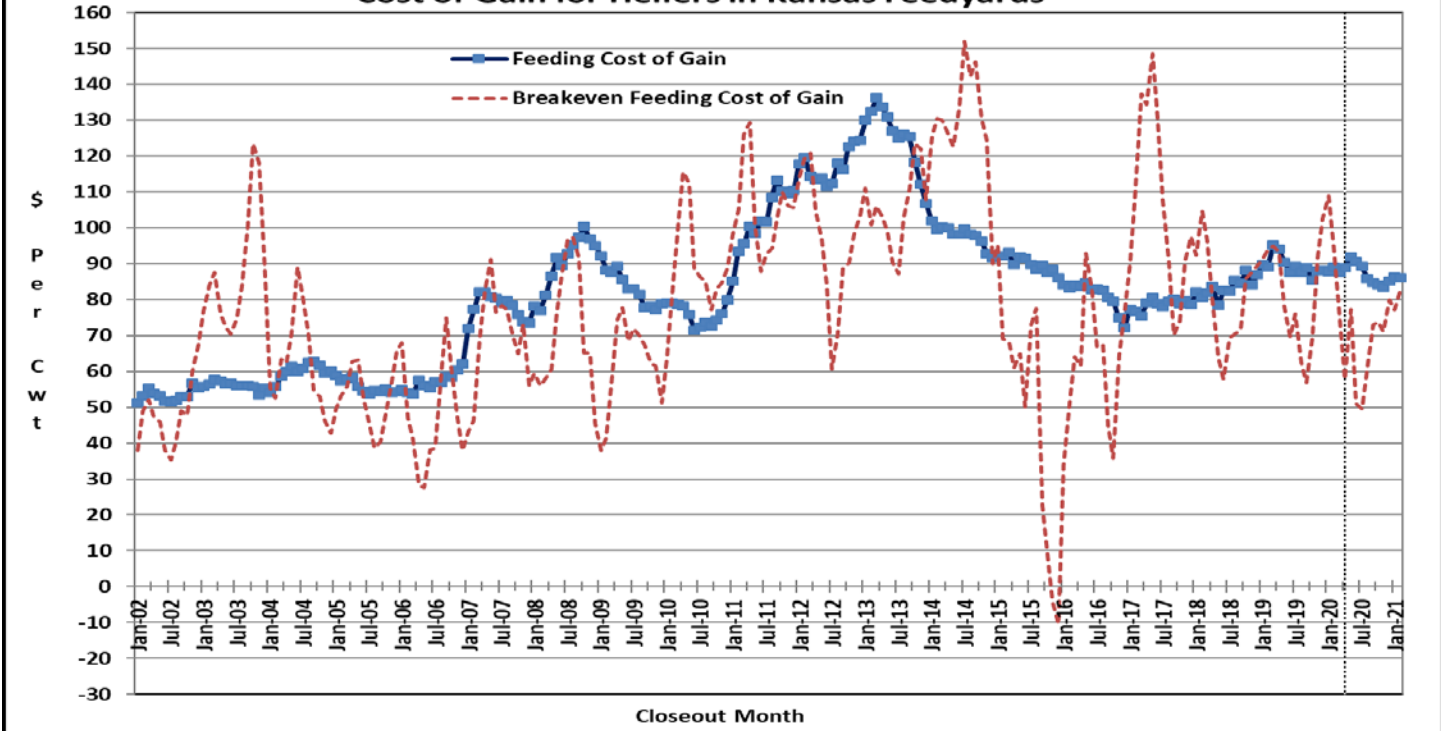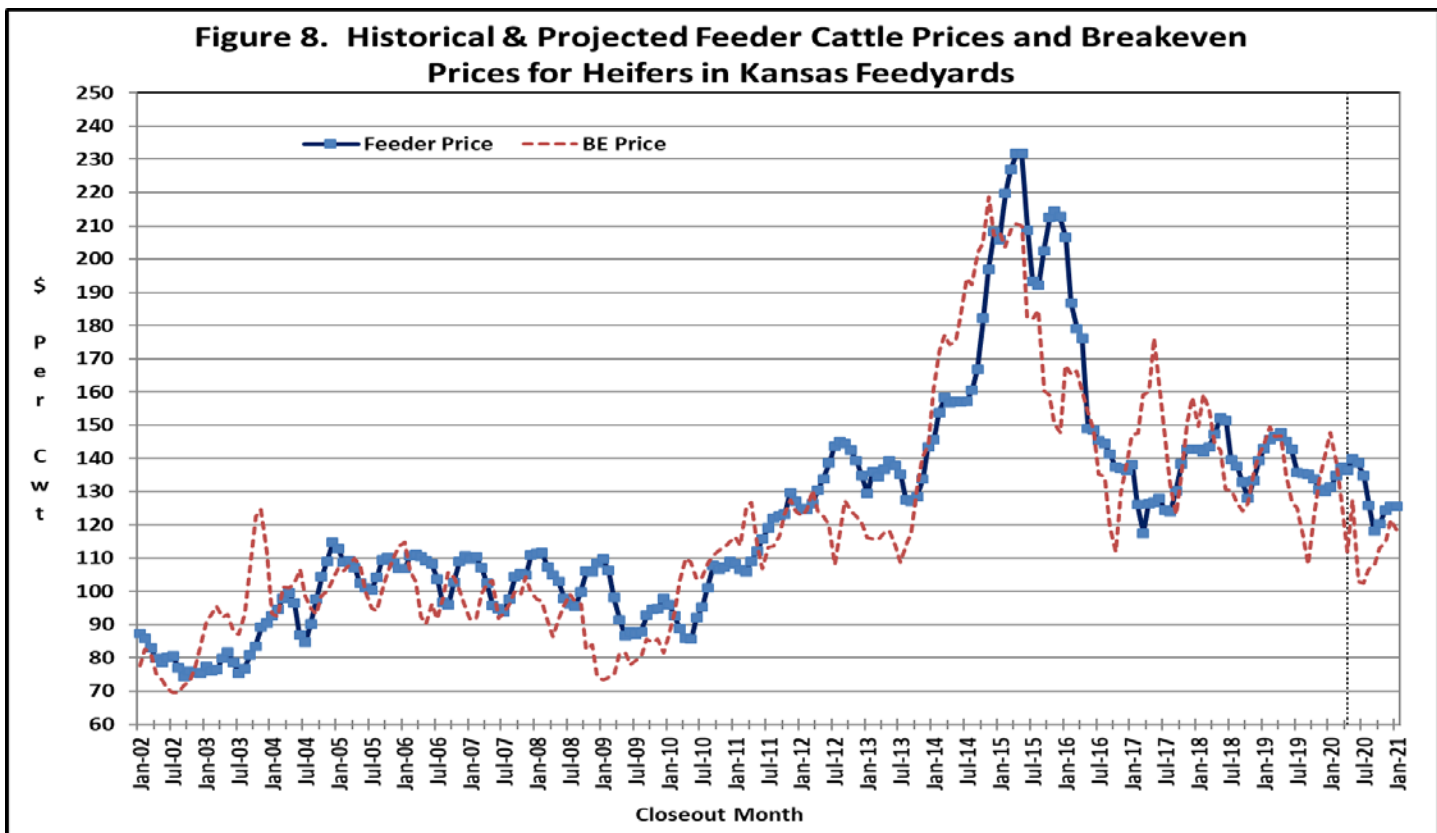Figure 5. Historical & Projected Feeding Cost of Gain and Breakeven Cost of Gain for Steers in Kansas Feedyards
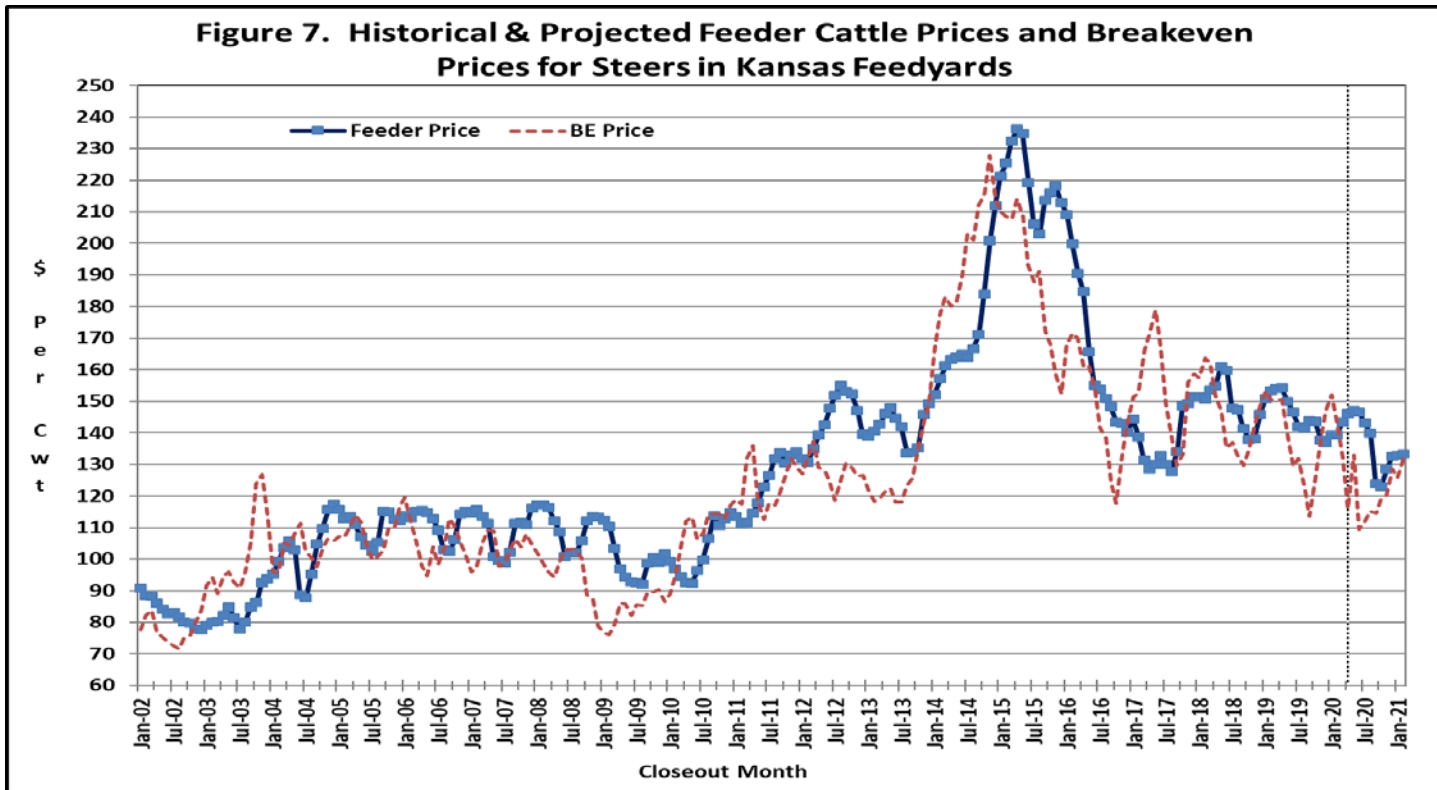

Figure 6. Historical & Projected Feeding Cost of Gain and Breakeven Cost of Gain for Heifers in Kansas Feedyards

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