

Historical and Projected Kansas Feedlot Net Returns

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This short article presents estimated net returns of cattle finishing operations as of September 10, 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 July of 2014. As shown in figures 1 and 2, steers and heifers were estimated to be sold in July at profits (\$310.00/hd) and (\$270.35/hd), respectively. This marks the seventh consecutive month with estimated profits exceeding \$125/steer which is the only such sequence on record. This \$310/hd is also the largest estimated return for steers in this analysis going back to 1993.

Projected Returns

Given the one-month lag in *Focus on Feedlots* survey information, market information is available for August of 2014 but realized animal performance data are not yet available. Currently, the net returns projected for closeouts in August are \$251.35/hd and \$194.42/hd for steers and heifers, respectively (tables 1 and 2). 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 remain above \$100/hd in September before falling to negative levels, primarily reflecting higher 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
Aug-14	251.35	88.20	156.35	169.69	131.91	138.81	198.99
Sep-14	135.59	88.97	149.96	173.24	112.14	140.39	189.54
Oct-14	-9.31	88.07	152.64	191.44	86.38	153.29	190.36
Nov-14	-124.17	86.05	153.04	206.84	63.37	161.90	192.32
Dec-14	-115.91	84.97	152.92	211.02	65.89	160.88	197.38
Jan-15	-207.55	83.36	152.84	220.95	47.20	167.55	196.15

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
Aug-14	194.42	95.95	154.78	163.18	136.11	139.58	187.64
Sep-14	100.60	96.48	148.61	167.28	116.33	140.57	180.80
Oct-14	33.86	92.89	151.13	182.74	99.61	148.41	187.31
Nov-14	-25.37	92.26	151.96	194.27	87.44	153.98	190.82
Dec-14	-118.27	90.74	152.02	206.89	67.94	161.42	190.90
Jan-15	-81.63	89.36	151.18	199.74	73.70	157.50	189.15

* 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

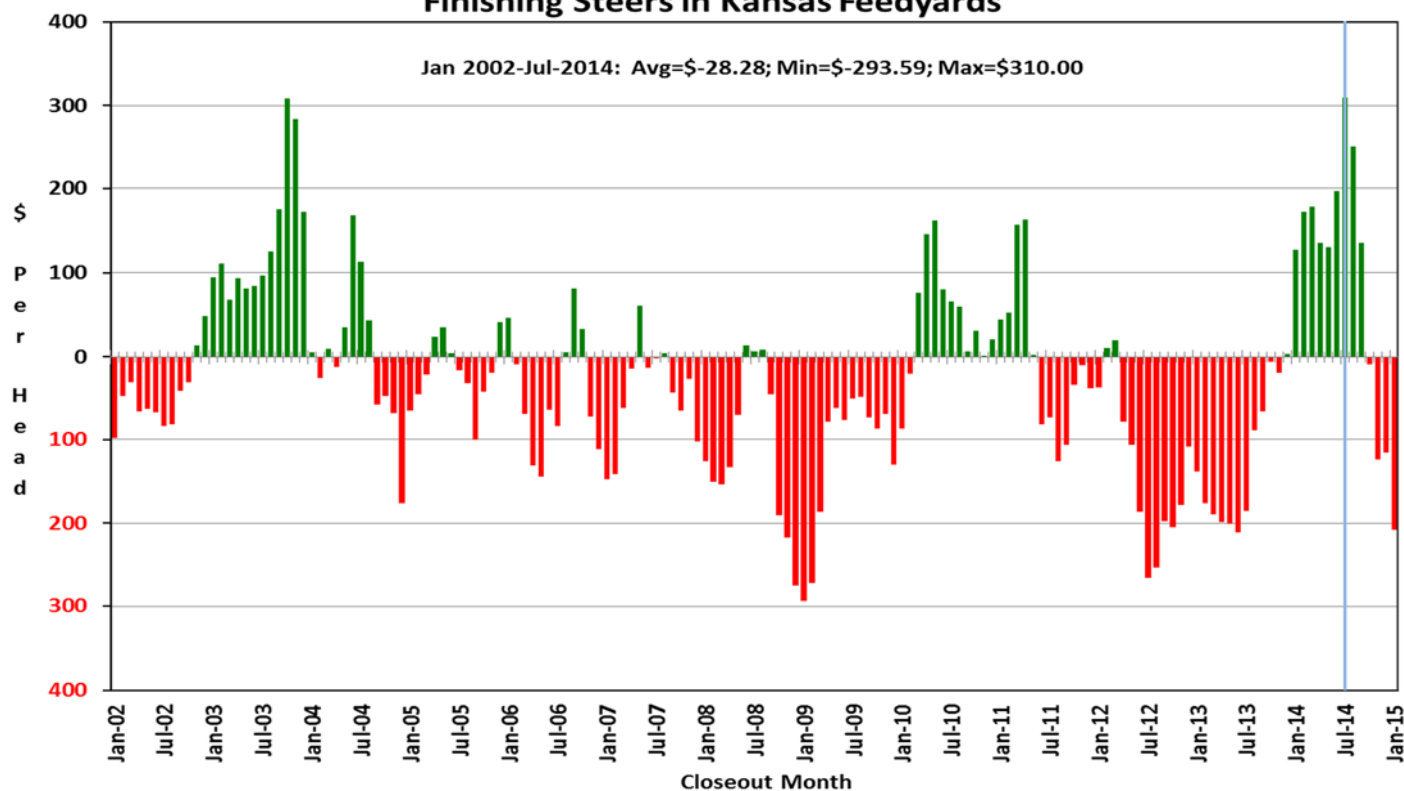


Figure 2. Historical & Projected Average Net Returns for Finishing Heifers in Kansas Feedyards

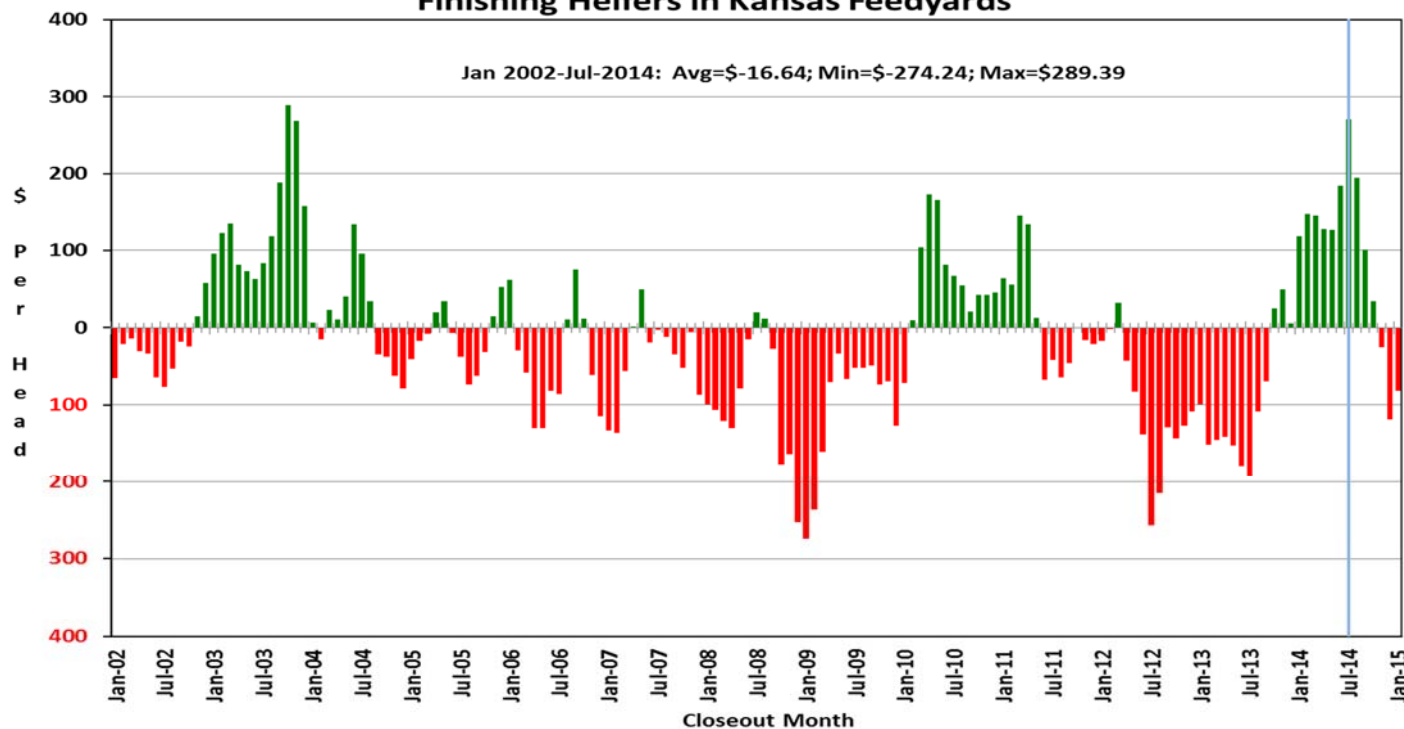


Figure 3. Historical & Projected Fed Cattle Prices and Breakeven Prices for Steers in Kansas Feedyards

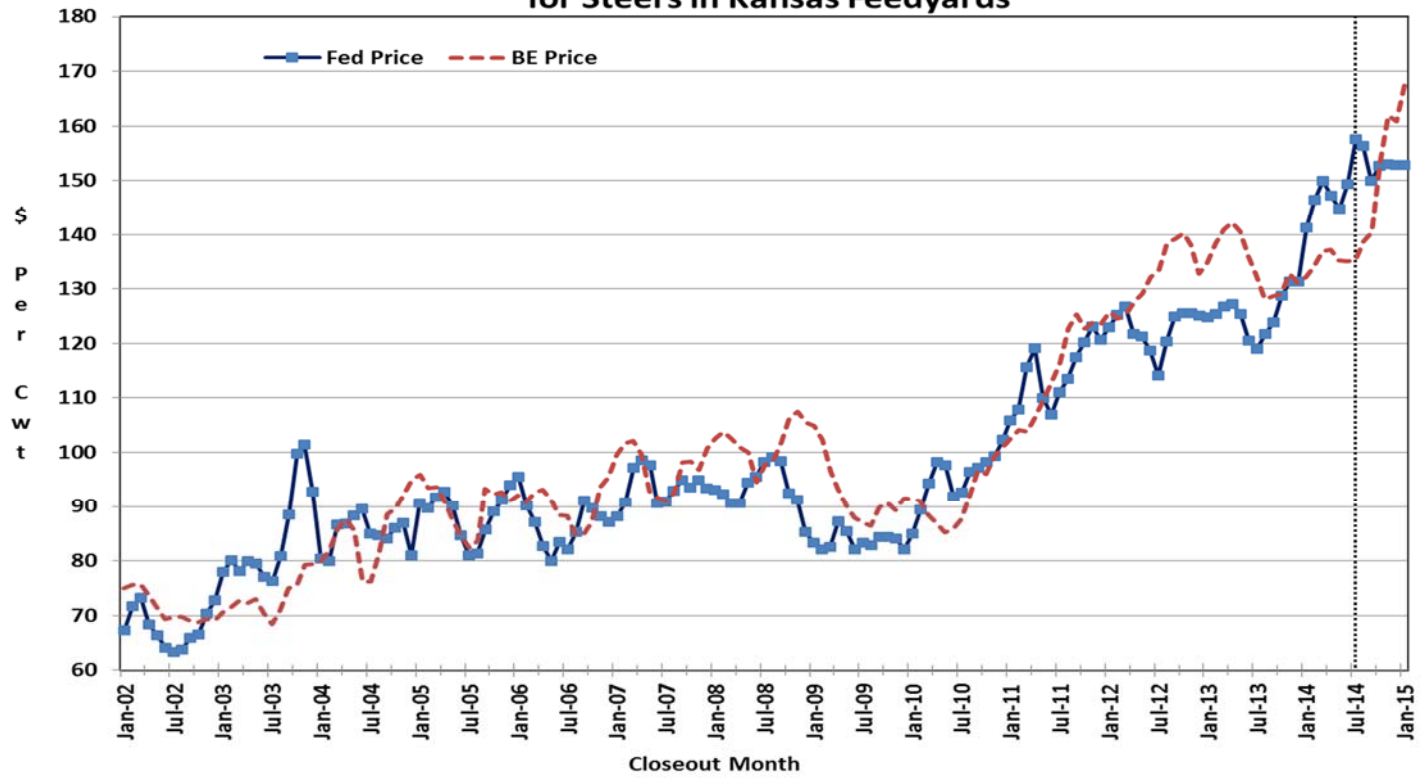


Figure 4. Historical & Projected Fed Cattle Prices and Breakeven Prices for Heifers in Kansas Feedyards

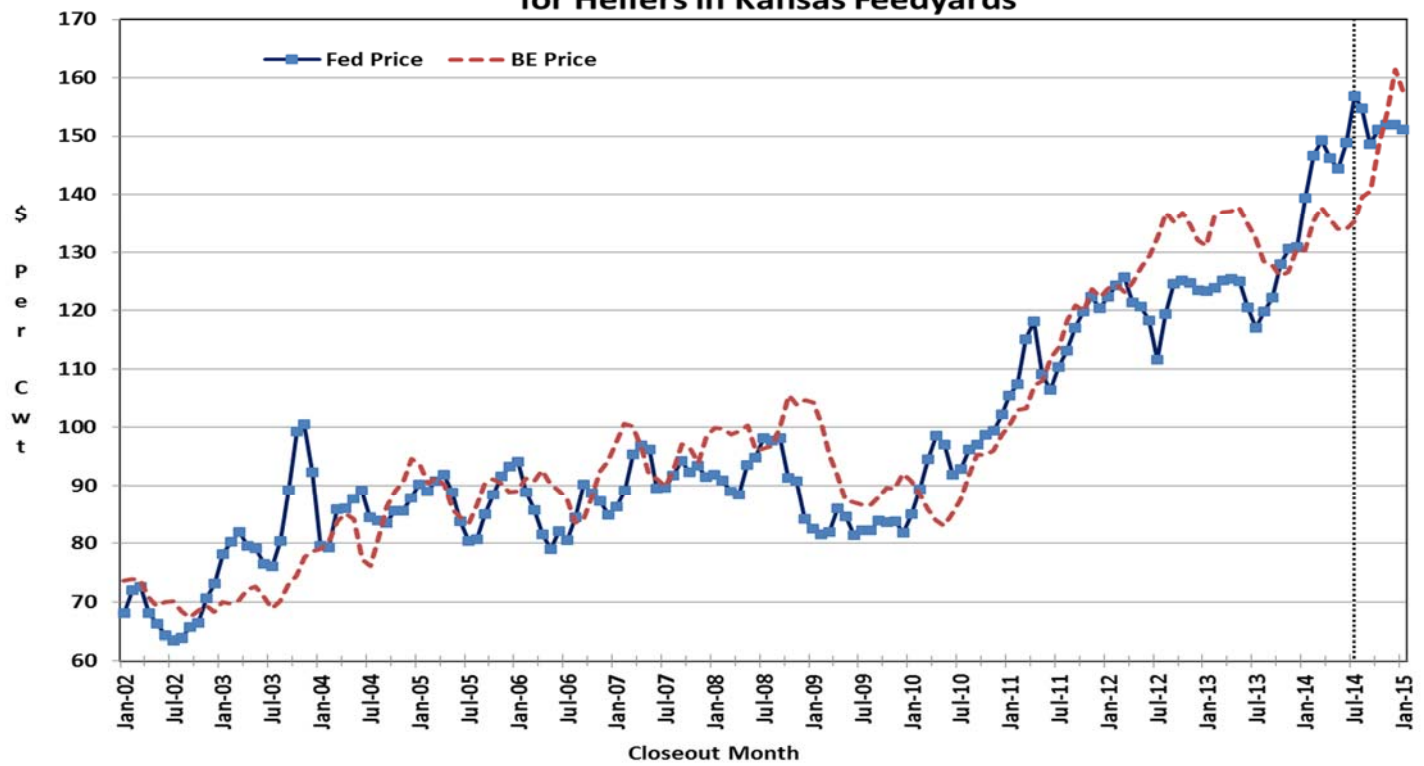


Figure 5. Historical & Projected Feeding Cost of Gain and Breakeven Cost of Gain for Steers in Kansas Feedyards

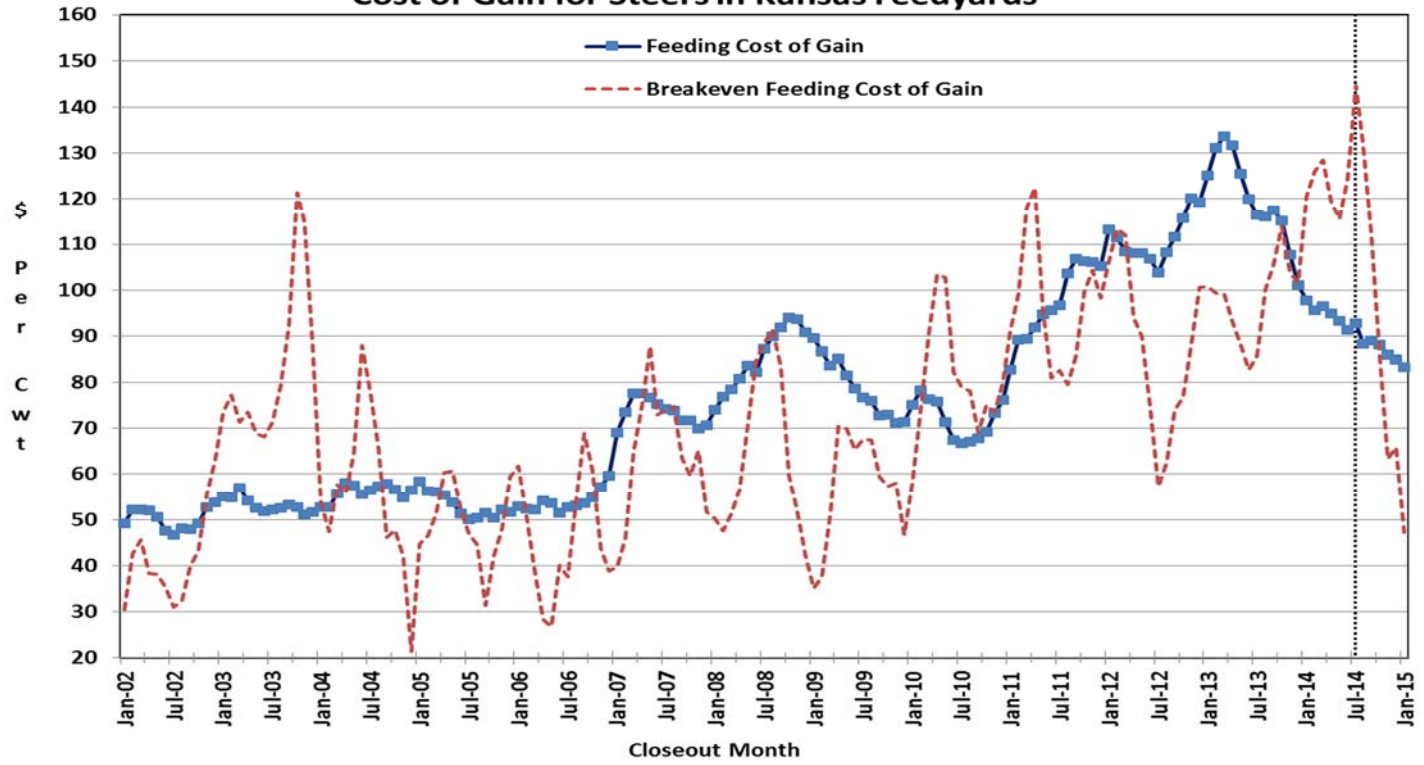


Figure 6. Historical & Projected Feeding Cost of Gain and Breakeven Cost of Gain for Heifers in Kansas Feedyards

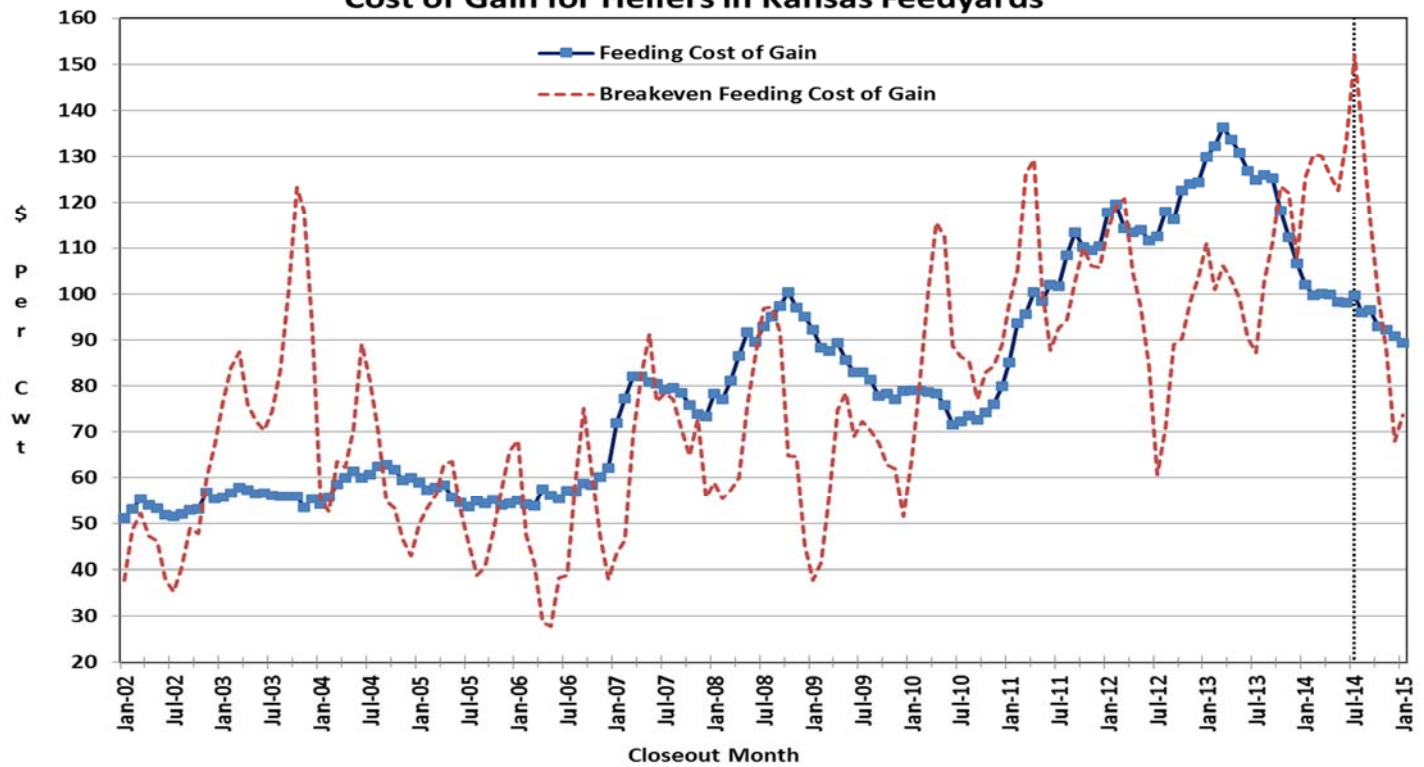


Figure 7. Historical & Projected Feeder Cattle Prices and Breakeven Prices for Steers in Kansas Feedyards

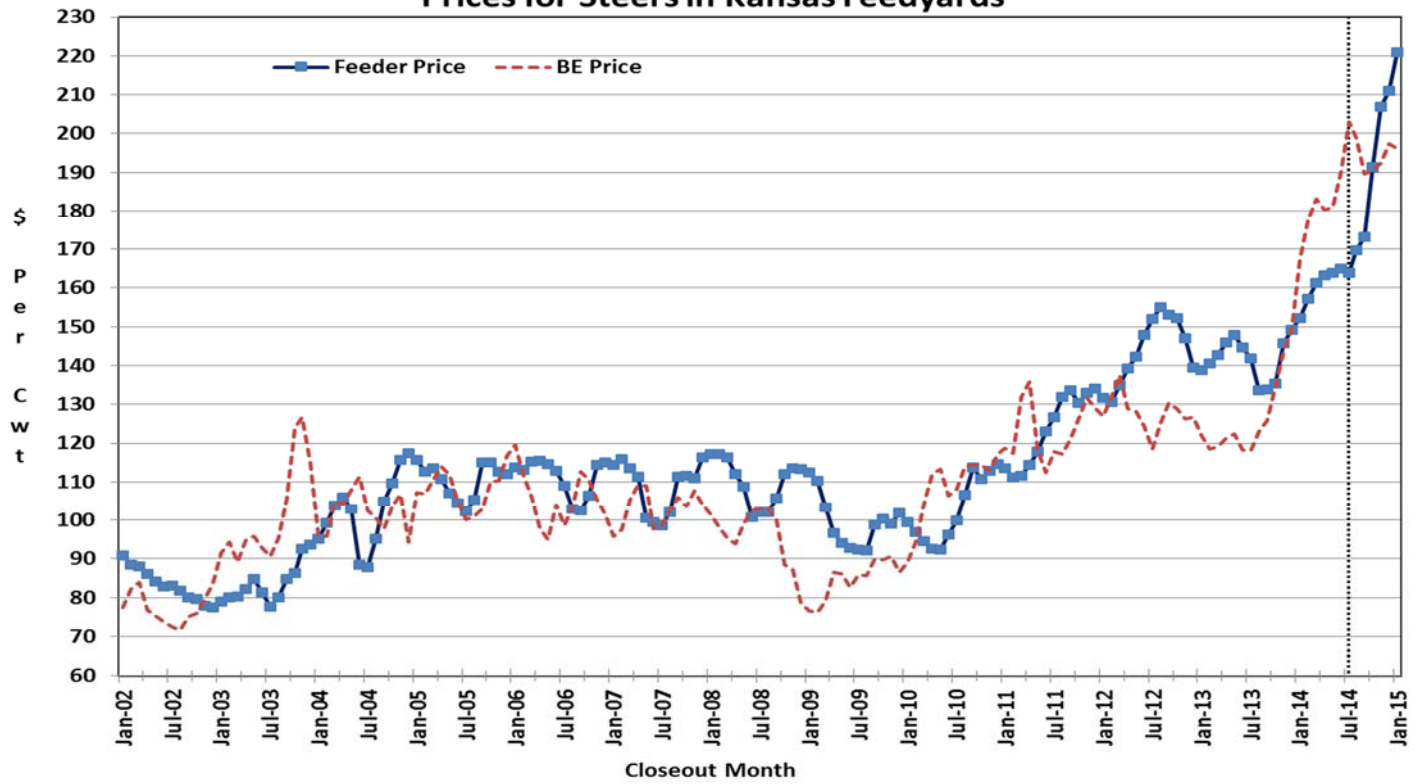


Figure 8. Historical & Projected Feeder Cattle Prices and Breakeven Prices for Heifers in Kansas Feedyards

