

# Historical and Projected Kansas Feedlot Net Returns

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This short article presents estimated net returns of cattle finishing operations as of January 3, 2014. The process of calculating historical net returns and projecting future net returns was updated in July of 2012.<sup>1</sup> 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 November of 2013. As shown in figures 1 and 2, steers were estimated to be sold in November at losses (-\$20.02/hd) and heifers at gains (\$48.94/hd). The main driver of steer-heifer return differences in November was a high (\$12/cwt) premium paid for steers at placement.

## Projected Returns

Given the one-month lag in *Focus on Feedlots* survey information, market information is available for December of 2013 but realized animal performance data are not yet available. Currently, the net returns projected for closeouts in December are -\$18.05/hd and -\$6.79/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 included in tables 1 and 2 suggest steer returns are expected to be better in months thru March before declining substantially in April. The projected decline in April mainly reflects reduced fed cattle prices (rollover to June futures contract) and 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).

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<sup>1</sup> 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
Dec-13	-18.05	104.90	131.36	149.20	101.78	132.64	147.03
Jan-14	17.56	99.59	133.30	151.91	102.64	132.04	154.05
Feb-14	22.61	96.52	134.63	155.36	100.60	132.95	158.21
Mar-14	32.06	92.01	135.84	158.80	97.84	133.46	162.83
Apr-14	-67.17	88.17	130.93	163.34	75.06	136.04	154.97
May-14	-3.72	85.11	133.91	164.46	84.41	134.19	163.98

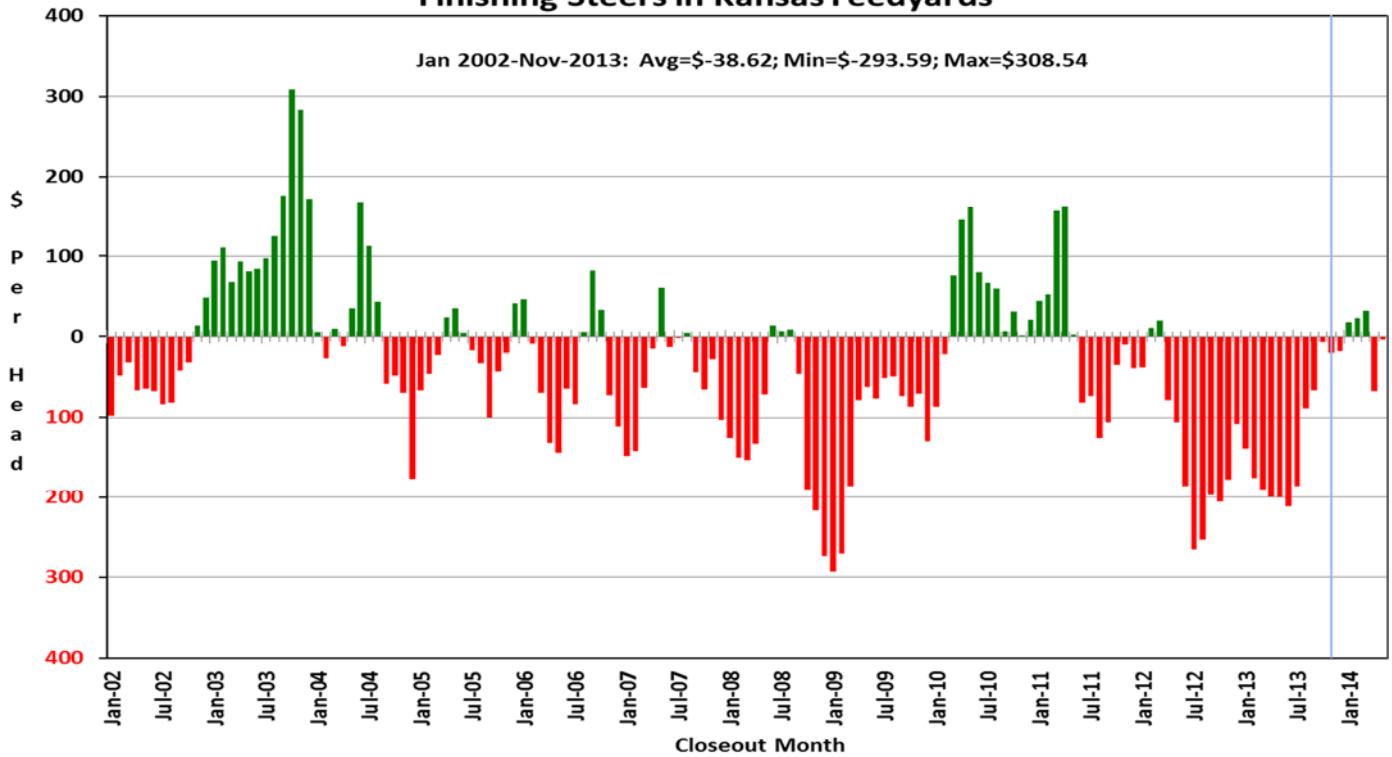
**Table 2. Projected Values for Finishing Heifers in Kansas Feedyards\***

Closeout Mo-Yr	Net Return	FCOG**	Fed Price	Feeder Price	Breakeven FCOG**	Breakeven Fed Price	Breakeven Feeder Price
Dec-13	-6.79	110.62	130.87	143.56	109.34	131.40	142.65
Jan-14	26.13	105.54	131.01	143.33	110.34	128.99	146.83
Feb-14	14.85	99.26	132.17	149.20	102.23	130.98	151.17
Mar-14	-9.46	95.62	133.57	156.70	93.72	134.32	155.46
Apr-14	-54.52	93.42	129.11	156.53	82.03	133.58	149.16
May-14	11.92	90.29	133.10	157.44	92.71	132.12	159.09

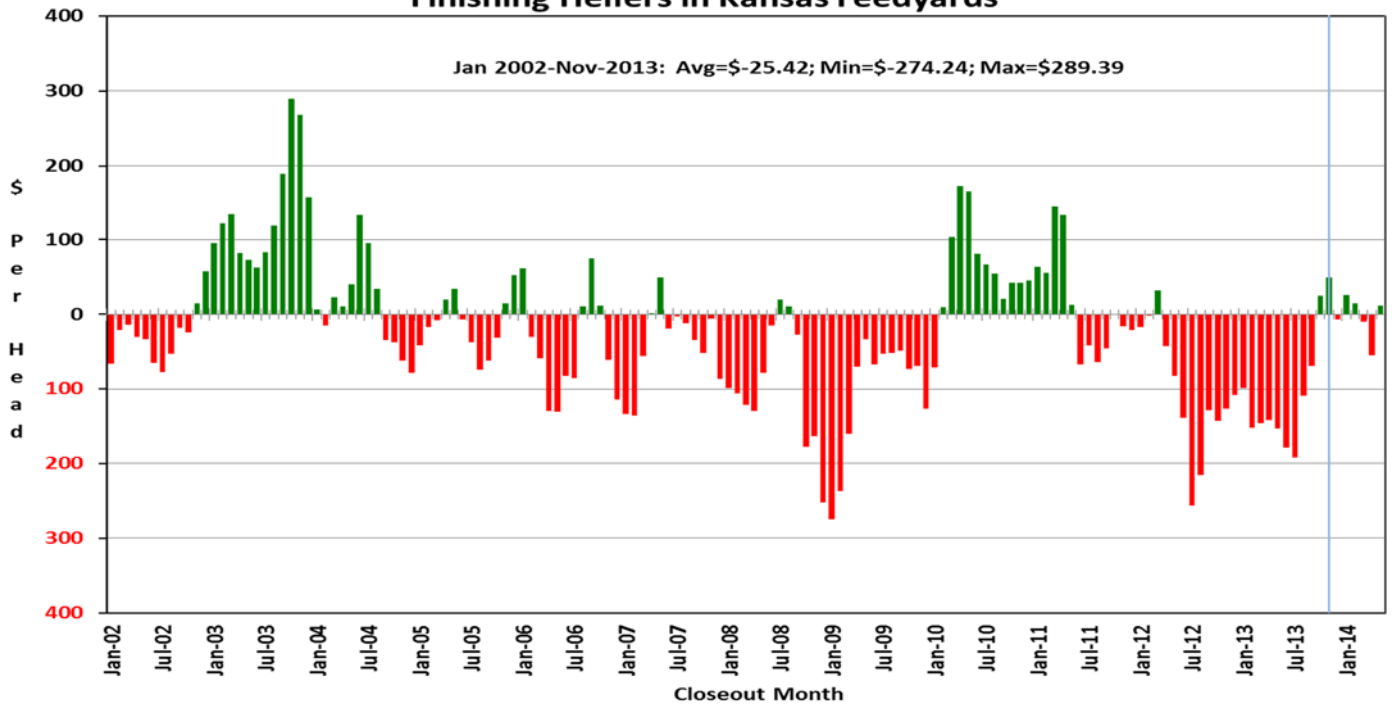
\* Net return is \$/head and all other values are \$/cwt.

\*\* FCOG = Feeding cost of gain

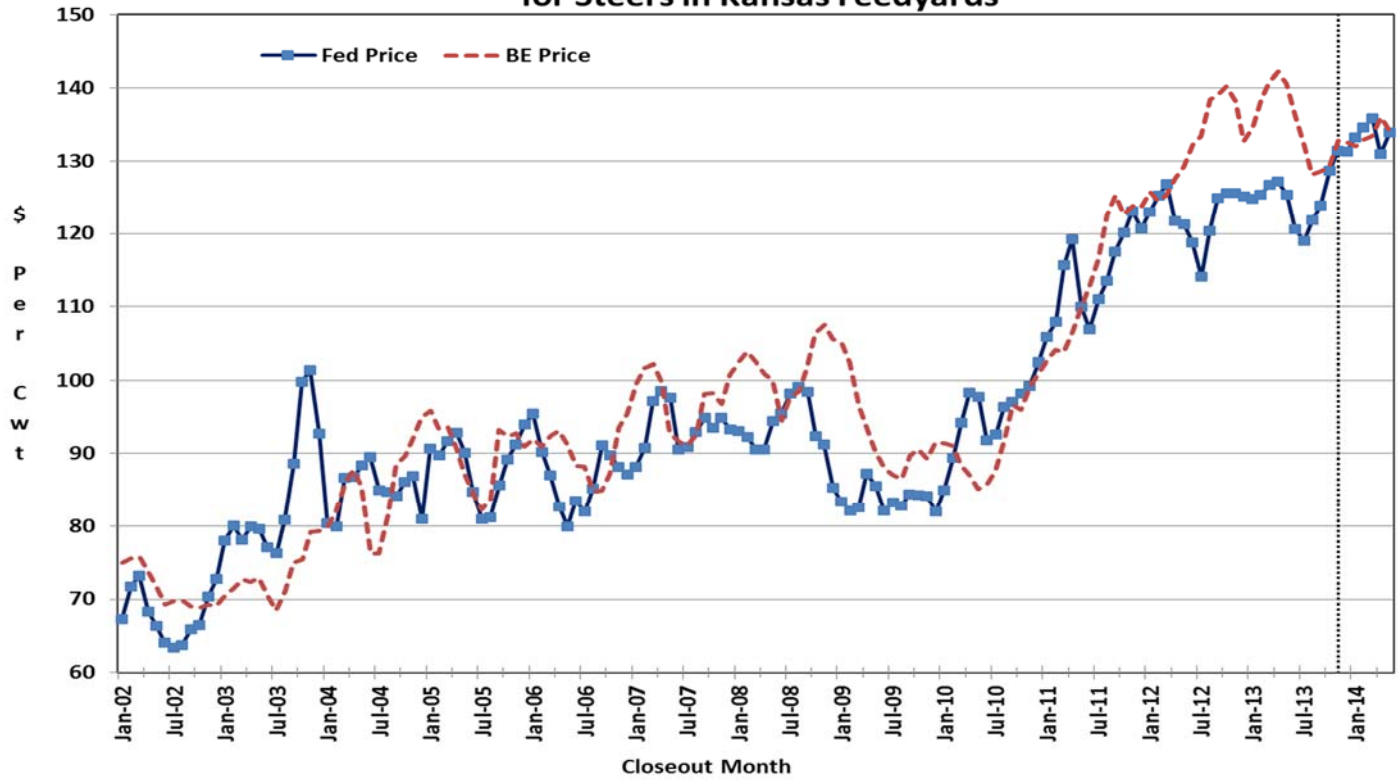
**Figure 1. Historical & Projected Average Net Returns for Finishing Steers in Kansas Feedyards**



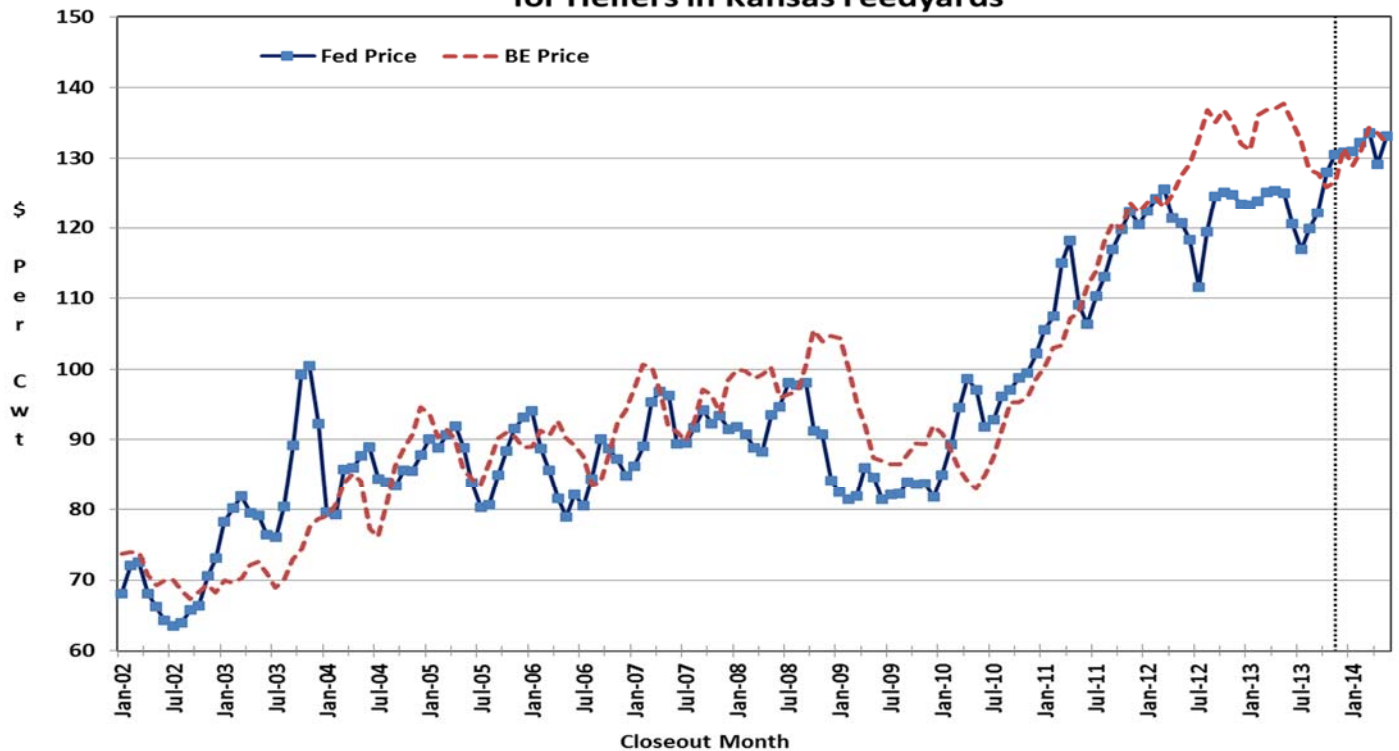
**Figure 2. Historical & Projected Average Net Returns for Finishing Heifers in Kansas Feedyards**



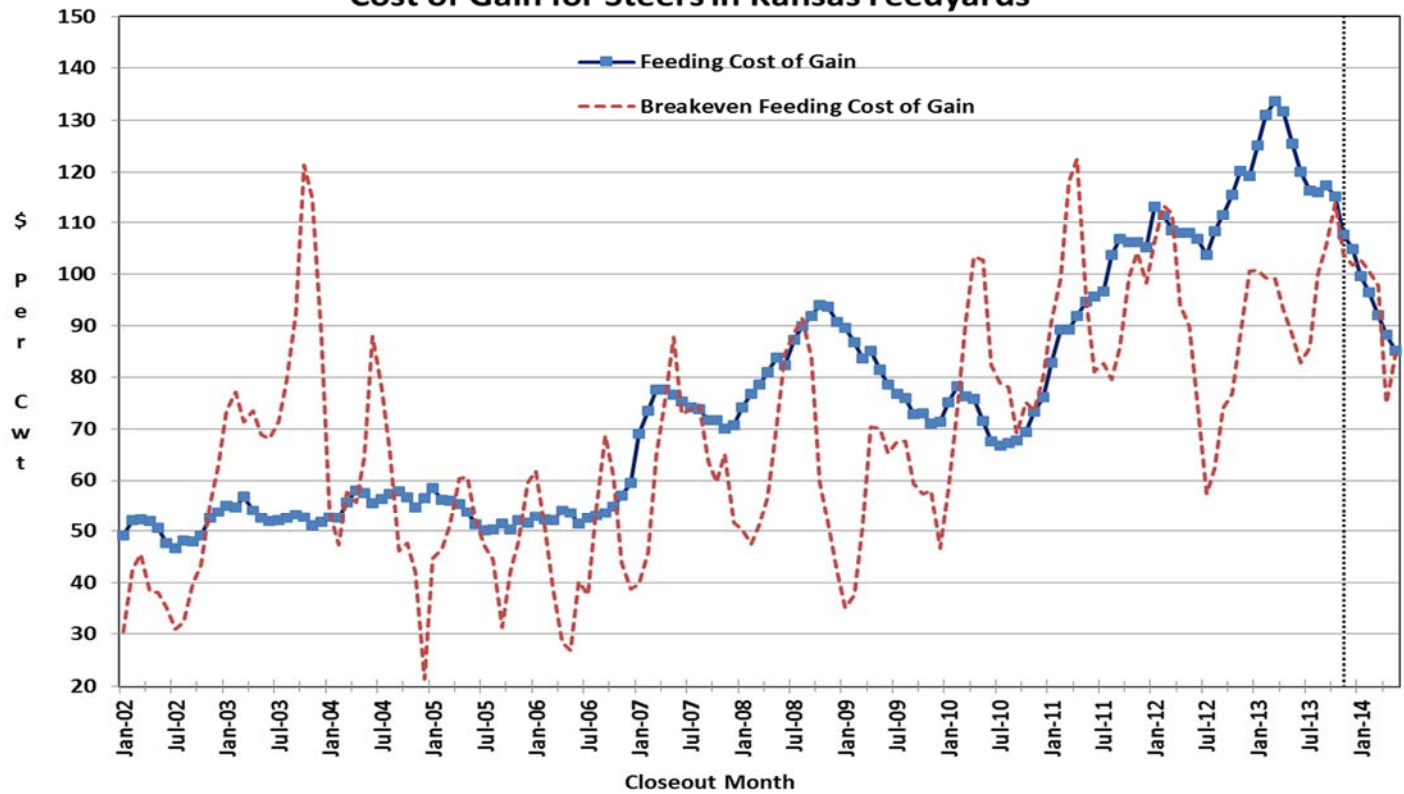
**Figure 3. Historical & Projected Fed Cattle Prices and Breakeven Prices for Steers in Kansas Feedyards**



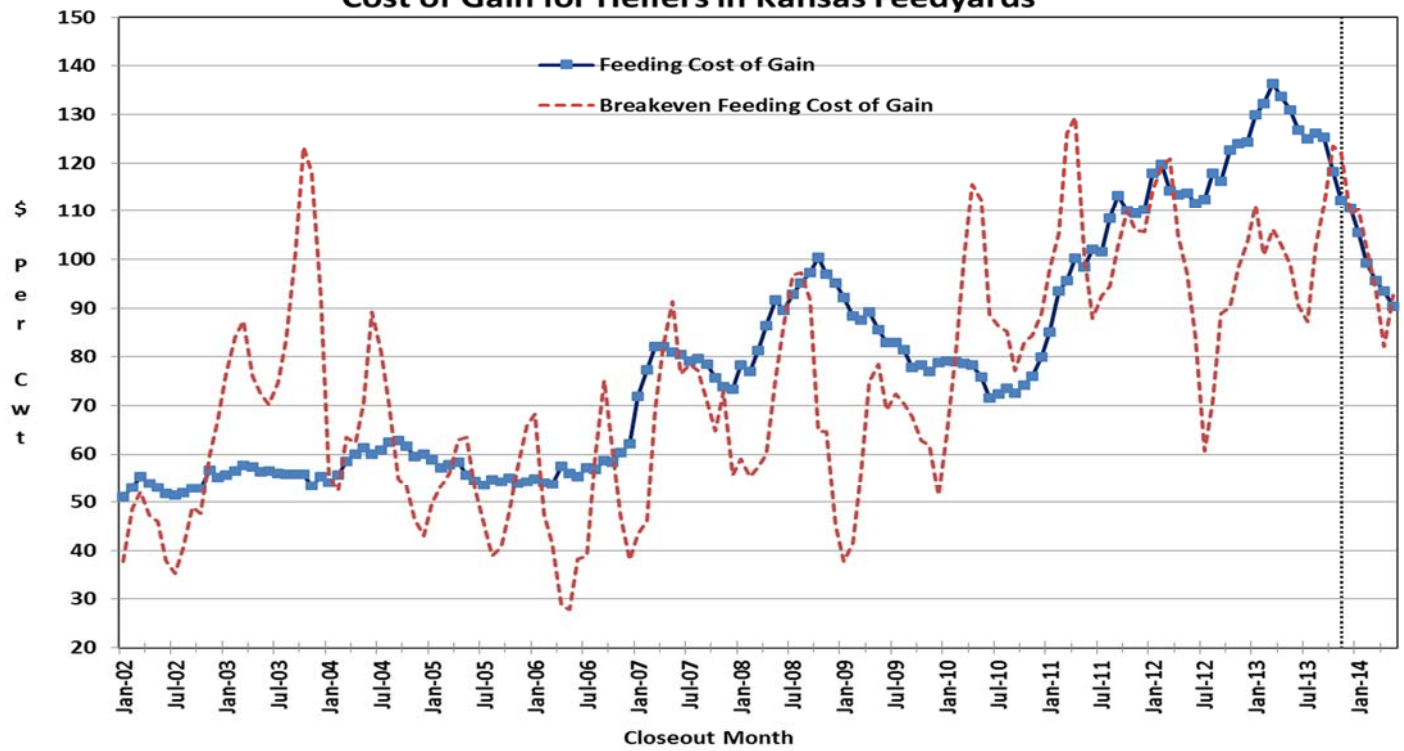
**Figure 4. Historical & Projected Fed Cattle Prices and Breakeven Prices for Heifers in Kansas Feedyards**



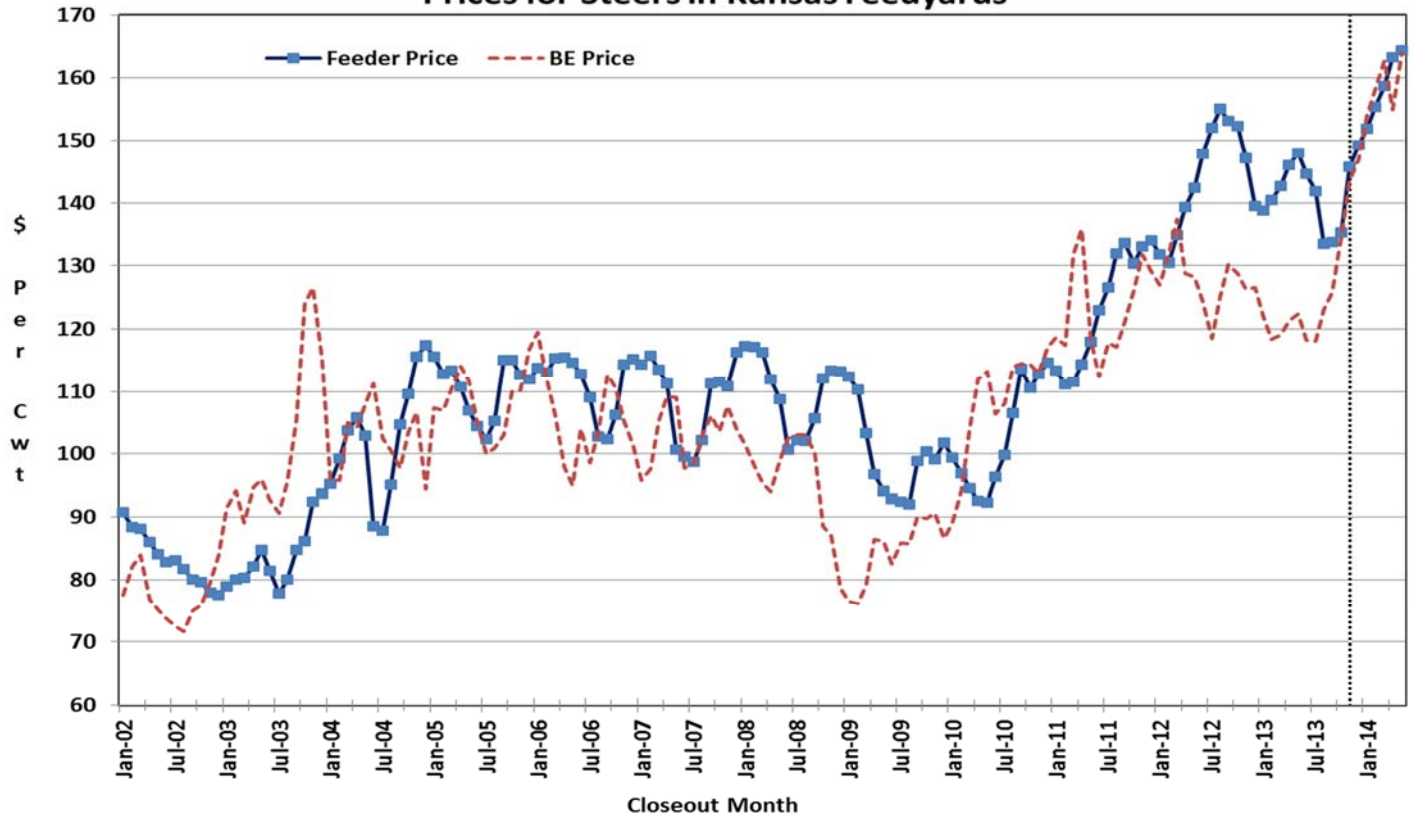
**Figure 5. Historical & Projected Feeding Cost of Gain and Breakeven Cost of Gain for Steers in Kansas Feedyards**



**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**

