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FALL STOCKER BUDGETS

ALABAMA, 2007-2008

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FALL STOCKER BUDGETS, ALABAMA, 2007-2008

Walt Prevatt, Darrell Rankins, Mike Davis, and Don Ball¹

Alabama feeder calf prices are close to the high prices received during the fall of 2006. Alabama feeder calf prices (400-500 pounds, med. & lg., #1) are currently trading in the \$115 to \$125 per hundredweight price range. This is good news for Alabama cow-calf operators. However, futures market prices for feeder cattle (650-849 pounds) as reported by the Chicago Mercantile Exchange for April and May of 2008 are about \$112 per hundredweight at the time this report is being written. After adjusting the futures prices with a -\$5 per hundredweight basis estimate, we would expect an average Alabama cash price of about \$107 per hundredweight next spring (April/May 2008). These market prices may signal an opportunity for some producers to stocker calves this winter if their cost of production is low enough. Let's take a look at some fall-spring stocker budgets to evaluate this "possible" opportunity to increase your profits with the stocker enterprise.

Alabama Fall Stocker Programs

There are many types of stocker production programs in Alabama. Five of the most common fall stocker production programs in Alabama include: (1) winter grazing light-weight stocker calves (350 pounds), (2) winter grazing medium-weight stocker calves (450 pounds), (3) winter grazing stocker calves (400 pounds) on winter grazing with supplemental feed, (4) grazing stocker calves (400 pounds) on stockpiled non-toxic endophyte fescue, and (5) stocker calves (450 pounds) fed in a dry-lot using a by-product and grain ration.

The first two winter grazing production programs involve placing calves on starter feed initially for 10 - 14 days in the early fall, followed with a 60-day back-grounding program and approximately 140 days of grazing on a mixture of winter annuals (rye, ryegrass, and clover) through the following spring. These two budgets were developed utilizing primarily forage feedstuffs and reflect the placement of two different weight classes of calves. The winter grazing light-weight stocker calves budget purchases a 350-pound calf and carries this animal to an ending weight of about 696 pounds in the spring, while the winter grazing medium-weight stocker calves budget starts with a heavier calf at 450 pounds and attains a sale weight of 794 pounds. Also provided in the budgets for the winter grazing production systems is an adjustable entry for supplemental feed. Cattlemen should include supplemental feed in their budgets for times when grazing is not possible and additional feedstuffs are necessary to maintain performance (average daily gains). The supplemental feed listed in these budgets is for 30 days. However, adjustments may be made according to individual needs or location in the state. For instance, producers in the northern region of the state may require supplemental feed for additional days, while those in the southern region may need supplemental feed for fewer days.

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The stocker calves on winter grazing with supplemental feed program allows for a higher stocking rate on pasture. The supplemental ration improves performance and reduces the animal's dependence on the winter grazing forage should weather and other factors impede its production. The winter grazing with supplemental feed budget purchases a 400-pound calf and carries this animal to an ending weight of 804 pounds in 200 days.

The stocker calves grazing stockpiled non-toxic endophyte fescue program involves back-grounding calves for 30 days before placing them on stockpiled fescue for grazing. A 45-day supplemental ration (feed and hay) would be required during January and February. The stockpiled non-toxic endophyte fescue budget purchases a 400-pound calf and carries this animal to an ending weight of 745 pounds in 200 days.

The stocker calves fed in a dry-lot stocker program utilizing a by-product and grain ration has also been found to produce economical gains during certain years (particularly when grain is less expensive). This stocker program, feeding only the by-product and grain ration, starts with a 450-pound calf and reaches a sale weight of 823 pounds in 150 days.

Numerous other stocker production programs exist where producers can take advantage of other forage and home-grown and/or by-product feedstuffs. By using the budget format presented in this report, stocker operators can also evaluate the profitability of these alternative stocker production systems.

Budget Assumptions

Several assumptions underlie the development of the stocker budgets. An increase of \$1 to \$2 per hundredweight was added to the purchase price of the stocker calves to cover order-buying and/or delivery to the farm. The size of operation used in this example was assumed to be between 60-70 head which is often necessary for a feeder cattle buyer to purchase on-farm cattle (generally 60-70 head is approximately one full tractor-trailer transport – 50,000 pounds). Also, a similar number of feeder cattle would be necessary to properly use a feeder cattle futures market contract (50,000 pounds). Feeder cattle were assumed to be sold directly from the farm. The budgets assume "no" costs associated with sales commission or hauling. However, a flat marketing fee of \$12.50 per head was assumed to defray any marketing expenses a farmer may encounter with a direct marketing program. The prices of inputs used in the budgets are based upon average price projections for the 2007-2008 production period and individuals should adjust these prices for their own situation.

Machinery and equipment used by other major farming enterprises on the farmstead are assumed to be used minimally by the stocker enterprise. These items which include a corral/working pen, mixer/grinder, tractor, and selected others are prorated with a portion being charged to the stocker enterprise. Hence, if a single load of stocker cattle (50,000 lbs.) had to bear the full cost of such investments, then the profit potential would be greatly reduced.

Budget Format

The stocker budget is simply a financial format to account for the price and quantity of all inputs and outputs of the stocker enterprise. The stocker budget is divided into six sections. They include gross receipts, variable cost, income above variable cost, fixed cost, total cost of all specified expenses, and net return above total costs. These budgets are available on the web at <http://www.ag.auburn.edu/agec/pubs/budgets/> for the producer to insert estimates for “your farm” and calculate the net return above total cost (i.e. net return to management and risk) for the stocker program which you would like to evaluate.

Some additional measures of cost, performance, and price are listed at the bottom of the budget. Measures of the **Value of Feeder Cattle Per Head Sold**, **Cost of Purchased Stocker Calves Per Head**, and the amount of **Weight Gain Per Head Sold** are measurements that are very useful in evaluating the stockering decision. The **Gross Margin** is simply the feeder sale value per head minus the cost of the purchase stocker per head. This measurement provides you with an estimate of how much money is available for production expenses (grazing, feedstuffs, labor, depreciation, interest, etc.) and profit. The **Value of Gain Per Hundred-Weight** is calculated by subtracting the cost of the purchased stocker animal from their selling value as feeder cattle and dividing by the total weight gain. This measurement emphasizes the importance of the buy-sell margin and weight gain. The **Cost of Gain Per Hundred-Weight** is a frequently used measurement by stocker cattlemen, particularly for those considering custom or contract grazing operations. This measurement is calculated by dividing the production costs (variable or total costs less the cost of the stocker) by the total weight gain. This measurement is sometimes expressed as feed, variable, or total cost per hundred-weight of gain. **Net Returns Per Head Sold** above variable costs and above total costs is obtained by subtracting total variable costs and total costs of all specified expenses from gross receipts, respectively. The **Break-Even Feeder Price** is calculated by dividing the production costs (variable costs, total costs) by the sale weight of the feeder cattle. This measurement gives the producer a projection of the required selling price for the feeders to break-even at the assumed purchase price, weight gain, and costs of production. The **Maximum Stocker Purchase Price** calculation provides an estimate of how much a producer can afford to pay for stocker calves. This estimate should be used cautiously since it relies heavily on the "assumed" selling price, weight gain, and cost of production.

Sensitivity of Net Returns

A sensitivity of net returns table is constructed for each budget. The sensitivity of net return table evaluates the estimated "net return per head" above all specified expenses (net return to management and risk) for various weight gains and purchase and selling prices. The wide range of values for net return per head emphasizes the importance of **market prices (purchase and selling prices)** and **cattle performance (average daily gain)**. Note that production costs were held constant in the table. However, beware that production costs also may fluctuate widely which could result in an even wider range of potential returns per head.

After estimating your market prices, stocker production costs, and cattle performance, it is important to determine how changes in these factors affect profitability. The effect of a unit change of several of these factors on the net return per head for the five stocker programs is presented in Table 1. The most sensitive factor in the table is average daily gain (ADG). For example, a unit increase in average daily gain of one-tenth pound (from 1.8 to 1.9 ADG) for the winter grazing program with light-weight stockers @ 350# (budget on page 6) would increase net returns by \$21.28 per head. Likewise, a decrease from 1.8 to 1.7 average daily gain would decrease net returns by \$21.28 per head. This factor is not as sensitive for the dry-lot production program utilizing the by-product and grain ration due to the higher cost of gain and the shorter production period. All of the changes in Table 1 are measured against the base budgets for the respective stocker production program.

Table 1. The effect of a unit change in the quantity or price of a given factor on net returns per head sold for each stocker system. ¹						
Item	Unit Change	Winter grazing Lt. Wt.	Winter grazing Med. Wt.	Winter grazing w/ suppl. Feed	Stk piled fescue grazing	Drylot, by-prod. & grain
		----- Dollars per head sold -----				
Death loss	+1%	-\$5.76	-\$6.87	-\$6.45	-\$6.53	-\$7.30
Interest rate	+ 1 point	-\$3.49	-\$3.92	-\$3.63	-\$3.64	-\$2.90
Supplemental feed	+ 1 day	-\$0.54	-\$0.67	----	-\$0.74	----
Average daily gain	+ 0.1 #	+\$21.28	+\$20.33	+\$20.33	+\$21.56	+\$8.28
Feed conversion	+ 0.1 #	----	----	----	----	-\$1.89
By-product price	+ \$5/ton	----	----	-\$1.90	----	-\$4.86
Grain price	+ \$0.01/lb.	----	----	-\$7.60	----	-\$19.44
Stocker price	+ \$1/cwt.	-\$3.79	-\$4.80	-\$4.26	-\$4.27	-\$4.72
Feeder price	+ \$1/cwt.	+\$6.96	+\$7.94	+\$8.04	+\$7.45	+\$8.23

¹ The changes indicated are measured against the base budget of the respective system. For example, a one unit increase in death loss (4% instead of 3% as specified in the budget on page 6) for the winter grazing light-weight stocker system would decrease net returns by \$5.76 per head. Likewise, a unit decrease in death loss (2% instead of 3%) would increase net returns by \$ 5.76 per head.

The stocker producer should pay particularly close attention to **average daily gain**, **death loss**, and **stocker and feeder prices**. These factors appear to be the most sensitive factors affecting net returns per head for the stocker enterprise. Special efforts to manage feed, forage, and health inputs effectively may increase average daily gain and/or reduce death loss. Efforts to increase feeder price may be accomplished by selling uniform cattle (age, breed, frame size, muscle score, weight, etc.) in truck load groups, identifying the optimal time to sell, and using a market alternative with price protection (forward contract, futures hedge or option contracts, etc.) when necessary.

The estimates of prices and inputs in this report are not intended to be typical for each producer, but are presented as a format to aid the producer in making the stockering decision. If cattlemen will adjust the estimates in this report using their facts and figures, they will be able to determine if stockering purchased calves or retaining their own calves for a stocking enterprise is profitable. Good luck with your stockering enterprise and may the markets, weather, and production performance be favorable.

65 HEAD: STOCKER-STEER BUDGET (WINTER GRAZING - LT. WT. CALVES);
 ESTIMATED COSTS AND RETURNS; USING RECOMMENDED MANAGEMENT PRACTICES;
350 LBS. BEG. WT.;
1.80 LBS. ADG.; **200** TOTAL DAYS FEEDING PERIOD;
675 LBS. STOCKED/AC; **60** DAYS OF BACKGROUNDING FEED REQUIRED;
1.93 HD. STOCKED/AC; **30** DAYS OF SUPPLEMENTAL FEED REQUIRED;
3.00 % DEATH LOSS; **696** LBS. ENDING WEIGHT W/ 2 % SHRINK

ALABAMA, 2007-2008

ITEM	HEAD	UNIT	QUANTITY	PRICE OR COST/UNIT	TOTAL VALUE/COST	\$/HEAD SOLD	% OF TOTAL
1. GROSS RECEIPTS							
FEEDER CATTLE	63.00	CWT.	6.96	112.00	49,109.76	779.52	100.00%
2. VARIABLE COST							
STOCKER CALVES	65.00	CWT.	3.50	135.00	30,712.50	487.50	66.99%
WINTER GRAZING		ACRE	34.00	138.07	4,694.38	74.51	10.24%
SALT & MIN.		CWT.	24.38	14.79	360.51	5.72	0.79%
HAY		TON	7.80	80.00	624.00	9.90	1.36%
VET & MED		HD.	65.00	17.50	1,137.50	18.06	2.48%
STARTER FEED		TON	2.28	102.50	233.19	3.70	0.51%
BACKGROUNDING FEED		TON	9.75	97.50	950.63	15.09	2.07%
SUPPLEMENTAL FEED		TON	3.90	97.50	380.25	6.04	0.83%
LABOR		HR.	260.00	8.25	2,145.00	34.05	4.68%
LAND RENTAL		ACRE	34.00	20.00	680.00	10.79	1.48%
MARKETING EXPENSES		HD.	63.00	12.50	787.50	12.50	1.72%
BEEF PROMOTION FEE		HD.	63.00	1.50	94.50	1.50	0.21%
EQUIPMENT (REPAIR)		DOL.			59.30	0.94	0.13%
INTEREST ON OP. CAP.		DOL.	22,043.15	0.0900	1,983.88	31.49	4.33%
TOTAL VARIABLE COSTS					44,843.13	711.80	97.81%
3. INCOME ABOVE VARIABLE COST					4,266.63	67.72	
4. FIXED COST							
GENERAL OVERHEAD		HD.	65.00	2.50	162.50	2.58	0.35%
WINTER GRAZING		ACRE	34.00	8.88	301.92	4.79	0.66%
INT. ON BLDG. AND EQUIPMENT		DOL.	2,353.38	0.0900	211.80	3.36	0.46%
DEPR. ON BLDG. AND EQUIP.		DOL.			296.48	4.71	0.65%
OTHER F.C. ON BLDG. & EQUIP.		DOL.			31.53	0.50	0.07%
TOTAL FIXED COSTS					1,004.23	15.94	2.19%
5. TOTAL COST OF ALL SPECIFIED EXPENSES					45,847.36	727.74	100.00%
6. NET RETURN ABOVE TOTAL COSTS					3,262.40	51.78	
VALUE OF FEEDER CATTLE PER HEAD (\$/HD SOLD)					779.52		
COST OF PURCHASED STOCKER CALVES PER HEAD (\$/HD SOLD)					487.50		
3.35 CWT. OF GAIN/HD. SOLD; GROSS MARGIN (\$/HD SOLD)					292.02		
TOTAL PRODUCTION COST PER HEAD (\$/HD SOLD)					240.24		
VALUE OF GAIN PER CWT. (\$/CWT)					87.20		
COST OF GAIN PER CWT.:							
TO COVER VARIABLE COSTS (\$/CWT)					66.98		
TO COVER TOTAL COSTS (\$/CWT)					71.74		
NET RETURNS PER HEAD SOLD:							
ABOVE VARIABLE COSTS (\$/HD)					67.72		
ABOVE TOTAL COSTS (\$/HD)					51.78		
BREAKEVEN FEEDER PRICE:							
TO COVER VARIABLE COSTS (\$/CWT)					102.27		
TO COVER TOTAL COSTS (\$/CWT)					104.56		
MAXIMUM STOCKER PURCH. PRICE:							
TO COVER VARIABLE COSTS (\$/CWT)					152.89		
TO COVER TOTAL COSTS (\$/CWT)					148.48		

THESE ESTIMATES SHOULD BE USED AS GUIDES FOR PLANNING PURPOSES ONLY.

FACILITIES AND EQUIPMENT

ITEM	ESTIMATED COST	NUMBER	PROPORTION CHARGED	TOTAL CHARGED	SALVAGE VALUE (%)	YEARS OF LIFE
FENCING	2,050	1.00	0.67	1,373.50	0.00	15.00
CORRAL	3,500	1.00	0.67	2,345.00	0.00	15.00
FEED BUNK	450	1.00	0.67	301.50	0.00	10.00
WATER TANK, ETC.	750	1.00	0.67	502.50	0.00	10.00
MINERAL FEEDER	275	1.00	0.67	184.25	0.00	10.00
PICKUP	23,750	1.00	0.00	0.00	20.00	7.00
TOTAL				4,706.75		

SENSITIVITY OF NET RETURN PER HEAD ABOVE TOTAL COSTS AT VARIOUS WEIGHT GAINS AND PURCHASE/SELLING PRICES (1)

Price Paid For 350 # Stocker Calves, Steers, (\$/Cwt.)	Total Weight Gain Per Head (Lbs.)	Price Received For Feeder Cattle, Steers, (\$/Cwt.)				
		102.00	107.00	112.00	117.00	122.00
		----- dollars / head -----				
	296	-30.92	1.38	33.68	65.98	98.28
125.00	346	20.08	54.88	89.68	124.48	159.28
	396	71.08	108.38	145.68	182.98	220.28
	296	-49.87	-17.57	14.73	47.03	79.33
130.00	346	1.13	35.93	70.73	105.53	140.33
	396	52.13	89.43	126.73	164.03	201.33
	296	-68.82	-36.52	-4.22	28.08	60.38
135.00	346	-17.82	16.98	51.78	86.58	121.38
	396	33.18	70.48	107.78	145.08	182.38
	296	-87.76	-55.46	-23.16	9.14	41.44
140.00	346	-36.76	-1.96	32.84	67.64	102.44
	396	14.24	51.54	88.84	126.14	163.44
	296	-106.71	-74.41	-42.11	-9.81	22.49
145.00	346	-55.71	-20.91	13.89	48.69	83.49
	396	-4.71	32.59	69.89	107.19	144.49

(1) PRODUCTION COSTS ARE HELD CONSTANT.

REFERENCES: WALT PREVATT, EXTENSION ECONOMIST
 DARRELL RANKINS, JR., EXTENSION ANIMAL SCIENTIST
 DON BALL, EXTENSION AGRONOMIST
 MIKE DAVIS, AREA EXTENSION AGRONOMIST

60 HEAD: STOCKER-STEER BUDGET (WINTER GRAZING - MED. WT. CALVES);
 ESTIMATED COSTS AND RETURNS; USING RECOMMENDED MANAGEMENT PRACTICES;
 450 LBS. BEG. WT.;
 1.80 LBS. ADG.; 200 TOTAL DAYS FEEDING PERIOD;
 675 LBS. STOCKED/AC; 60 DAYS OF BACKGROUNDING FEED REQUIRED;
 1.50 HD. STOCKED/AC; 30 DAYS OF SUPPLEMENTAL FEED REQUIRED;
 1.50 % DEATH LOSS; 794 LBS. ENDING WEIGHT W/ 2 % SHRINK

ALABAMA, 2007-2008

ITEM	HEAD	UNIT	QUANTITY	PRICE OR COST/UNIT	TOTAL VALUE/COST	\$/HEAD SOLD	% OF TOTAL
1. GROSS RECEIPTS							
FEEDER CATTLE	59.00	CWT.	7.94	107.00	50,125.22	849.58	100.00%
2. VARIABLE COST							
STOCKER CALVES	60.00	CWT.	4.50	118.00	31,860.00	540.00	66.64%
WINTER GRAZING		ACRE	40.00	138.07	5,522.80	93.61	11.55%
SALT & MIN.		CWT.	22.50	14.79	332.78	5.64	0.70%
HAY		TON	9.00	80.00	720.00	12.20	1.51%
VET & MED		HD.	60.00	17.50	1,050.00	17.80	2.20%
STARTER FEED		TON	2.10	102.50	215.25	3.65	0.45%
BACKGROUNDING FEED		TON	9.00	97.50	877.50	14.87	1.84%
SUPPLEMENTAL FEED		TON	4.50	97.50	438.75	7.44	0.92%
LABOR		HR.	240.00	8.25	1,980.00	33.56	4.14%
LAND RENTAL		ACRE	40.00	20.00	800.00	13.56	1.67%
MARKETING EXPENSES		HD.	59.00	12.50	737.50	12.50	1.54%
BEEF PROMOTION FEE		HD.	59.00	1.50	88.50	1.50	0.19%
EQUIPMENT (REPAIR)		DOL.			59.30	1.01	0.12%
INTEREST ON OP. CAP.		DOL.	23,132.67	0.0900	2,081.94	35.29	4.35%
TOTAL VARIABLE COSTS					46,764.31	792.62	97.81%
3. INCOME ABOVE VARIABLE COST					3,360.91	56.96	
4. FIXED COST							
GENERAL OVERHEAD		HD.	60.00	2.50	150.00	2.54	0.31%
WINTER GRAZING		ACRE	40.00	8.88	355.20	6.02	0.74%
INT. ON BLDG. AND EQUIPMENT		DOL.	2,353.38	0.0900	211.80	3.59	0.44%
DEPR. ON BLDG. AND EQUIP.		DOL.			296.48	5.03	0.62%
OTHER F.C. ON BLDG. & EQUIP.		DOL.			31.53	0.53	0.07%
TOTAL FIXED COSTS					1,045.01	17.71	2.19%
5. TOTAL COST OF ALL SPECIFIED EXPENSES					47,809.32	810.33	100.00%
6. NET RETURN ABOVE TOTAL COSTS					2,315.90	39.25	
VALUE OF FEEDER CATTLE PER HEAD (\$/HD SOLD)					849.58		
COST OF PURCHASED STOCKER CALVES PER HEAD (\$/HD SOLD)					540.00		
3.36 CWT. OF GAIN/HD. SOLD; GROSS MARGIN (\$/HD SOLD)					309.58		
TOTAL PRODUCTION COST PER HEAD (\$/HD SOLD)					270.33		
VALUE OF GAIN PER CWT. (\$/CWT)					92.03		
COST OF GAIN PER CWT.:							
TO COVER VARIABLE COSTS (\$/CWT)					75.10		
TO COVER TOTAL COSTS (\$/CWT)					80.37		
NET RETURNS PER HEAD SOLD:							
ABOVE VARIABLE COSTS (\$/HD)					56.96		
ABOVE TOTAL COSTS (\$/HD)					39.25		
BREAKEVEN FEEDER PRICE:							
TO COVER VARIABLE COSTS (\$/CWT)					99.83		
TO COVER TOTAL COSTS (\$/CWT)					102.06		
MAXIMUM STOCKER PURCH. PRICE: TO COVER VARIABLE COSTS (\$/CWT)					129.93		
TO COVER TOTAL COSTS (\$/CWT)					126.06		

THESE ESTIMATES SHOULD BE USED AS GUIDES FOR PLANNING PURPOSES ONLY.

FACILITIES AND EQUIPMENT

ITEM	ESTIMATED COST	NUMBER	PROPORTION CHARGED	TOTAL CHARGED	SALVAGE VALUE(%)	YEARS OF LIFE
FENCING	2,050	1.00	0.67	1,373.50	0.00	15.00
CORRAL	3,500	1.00	0.67	2,345.00	0.00	15.00
FEED BUNK	450	1.00	0.67	301.50	0.00	10.00
WATER TANK, ETC.	750	1.00	0.67	502.50	0.00	10.00
MINERAL FEEDER	275	1.00	0.67	184.25	0.00	10.00
PICKUP	23,750	1.00	0.00	0.00	20.00	7.00
TOTAL				4,706.75		

SENSITIVITY OF NET RETURN PER HEAD ABOVE TOTAL COSTS
AT VARIOUS WEIGHT GAINS AND PURCHASE/SELLING PRICES (1)

Price Paid For 450 # Stocker Calves, Steers, (\$/Cwt.)	Total Weight Gain Per Head (Lbs.)	Price Received For Feeder Cattle, Steers, (\$/Cwt.)				
		97.00	102.00	107.00	112.00	117.00
		----- dollars / head -----				
	294	-40.63	-3.43	33.77	70.97	108.17
108.00	344	7.87	47.57	87.27	126.97	166.67
	394	56.37	98.57	140.77	182.97	225.17
	294	-64.64	-27.44	9.76	46.96	84.16
113.00	344	-16.14	23.56	63.26	102.96	142.66
	394	32.36	74.56	116.76	158.96	201.16
	294	-88.65	-51.45	-14.25	22.95	60.15
118.00	344	-40.15	-0.45	39.25	78.95	118.65
	394	8.35	50.55	92.75	134.95	177.15
	294	-112.66	-75.46	-38.26	-1.06	36.14
123.00	344	-64.16	-24.46	15.24	54.94	94.64
	394	-15.66	26.54	68.74	110.94	153.14
	294	-136.67	-99.47	-62.27	-25.07	12.13
128.00	344	-88.17	-48.47	-8.77	30.93	70.63
	394	-39.67	2.53	44.73	86.93	129.13

(1) PRODUCTION COSTS ARE HELD CONSTANT.

REFERENCES: WALT PREVATT, EXTENSION ECONOMIST
DARRELL RANKINS, JR., EXTENSION ANIMAL SCIENTIST
DON BALL, EXTENSION AGRONOMIST
MIKE DAVIS, AREA EXTENSION AGRONOMIST

60 HEAD: STOCKER-STEER BUDGET (WINTER GRAZING WITH SUPPLEMENTAL RATION);
 ESTIMATED COSTS AND RETURNS; USING RECOMMENDED MANAGEMENT PRACTICES;
 400 LBS. BEG. WT.;
 2.10 LBS. ADG; 1.50 % DEATH LOSS;
 800 LBS. STOCKED/AC; 200 TOTAL DAYS IN FEEDING PERIOD;
 2.00 HD. STOCKED/AC; \$30 DOL./TON OF BY-PRODUCT FEED;
 50 % GRAIN IN RATION 7 LBS. OF SUPPLEMENT FED/HD./DAY;
 \$125 DOL./TON. OF GRAIN 804 LBS. ENDING WEIGHT W/ 2 % SHRINK;

ALABAMA, 2007-2008

ITEM	HEAD	UNIT	QUANTITY	PRICE OR COST/UNIT	Total Value/Cost	\$/Head Sold	% Of Total
1. GROSS RECEIPTS							
FEEDER CATTLE	59.00	CWT.	8.04	107.00	50,756.52	860.28	100.00%
2. VARIABLE COST							
STOCKER CALVES	60.00	CWT.	4.00	124.00	29,760.00	504.41	63.28%
WINTER GRAZING		ACRE	30.00	138.07	4,142.10	70.21	8.81%
STARTER FEED		TON	2.10	102.50	215.25	3.65	0.46%
GRAIN & BY PRODUCT SUPPLEMENT		TON	41.65	97.50	4,060.88	68.83	8.64%
VET & MED		HD.	60.00	17.50	1,050.00	17.80	2.23%
LABOR		HR.	300.00	8.25	2,475.00	41.95	5.26%
LAND RENTAL		AC.	30.00	20.00	600.00	10.17	1.28%
MARKETING EXPENSES		HD.	59.00	12.50	737.50	12.50	1.57%
BEEF PROMOTION FEE		HD.	59.00	1.50	88.50	1.50	0.19%
EQUIPMENT (REPAIR)		DOL.			177.07	3.00	0.38%
INTEREST ON OP. CAP.		DOL.	21,423.91	0.0900	1,928.15	32.68	4.10%
TOTAL VARIABLE COSTS					45,234.44	766.69	96.19%
3. INCOME ABOVE VARIABLE COST					5,522.08	93.59	
4. FIXED COST							
GENERAL OVERHEAD		HD.	60.00	2.50	150.00	2.54	0.32%
WINTER GRAZING		ACRE	30.00	8.88	266.40	4.52	0.57%
INT. ON BLDG. AND EQUIP.		DOL.	5,413.10	0.0900	487.18	8.26	1.04%
DEPR. ON BLDG. AND EQUIP.		DOL.			811.98	13.76	1.73%
OTHER F.C. ON BLDG. & EQUIP.		DOL.			75.70	1.28	0.16%
TOTAL FIXED COSTS					1,791.25	30.36	3.81%
5. TOTAL COST OF ALL SPECIFIED EXPENSES					47,025.70	797.05	100.00%
6. NET RETURN ABOVE TOTAL COSTS					3730.82	63.23	
VALUE OF FEEDER CATTLE PER HEAD (\$/HD SOLD)					860.28		
COST OF PURCHASED STOCKER CALVES PER HEAD (\$/HD SOLD)					504.41		
3.97 CWT. OF GAIN/HD SOLD; GROSS MARGIN (\$/HD SOLD)					355.87		
TOTAL PRODUCTION COST PER HEAD (\$/HD SOLD)					292.64		
VALUE OF GAIN PER CWT. (\$/CWT)					89.59		
COST OF GAIN PER CWT.:							
TO COVER VARIABLE COSTS (\$/CWT)					66.03		
TO COVER TOTAL COSTS					73.67		
NET RETURNS PER HEAD SOLD:							
ABOVE VARIABLE COSTS (\$/HD)					93.59		
ABOVE TOTAL COSTS (\$/HD)					63.23		
BREAKEVEN FEEDER PRICE:							
TO COVER VARIABLE COSTS (\$/CWT)					95.36		
TO COVER TOTAL COSTS (\$/CWT)					99.14		
MAXIMUM STOCKER PURCH. PRICE: TO COVER VARIABLE COSTS (\$/CWT)					146.24		
TO COVER TOTAL COSTS (\$/CWT)					138.78		

THESE ESTIMATES SHOULD BE USED AS GUIDES FOR PLANNING PURPOSES ONLY.

FACILITIES AND EQUIPMENT

ITEM	ESTIMATED COST	NUMBER	PROPORTION CHARGED	TOTAL CHARGED	SALVAGE VALUE (%)	YEARS OF LIFE
FENCING	2,050	1.00	0.67	1,373.50	0.00	15.00
CORRAL	3,500	1.00	0.67	2,345.00	0.00	15.00
FEED BUNK	450	2.00	0.67	603.00	0.00	10.00
WATER TANK, ETC.	750	1.00	0.67	502.50	0.00	10.00
MINERAL FEEDER	275	1.00	0.67	184.25	0.00	10.00
P.T.O. GRINDER & MIXER	5,350	1.00	0.67	3,584.50	10.00	10.00
TRACTOR	15,000	1.00	0.10	1,500.00	25.00	10.00
PICKUP	23,750	1.00	0.00	0.00	20.00	7.00

TOTAL 10,092.75

SENSITIVITY OF NET RETURN PER HEAD ABOVE TOTAL COSTS AT VARIOUS WEIGHT GAINS AND PURCHASE/SELLING PRICES (1)

Price Paid For 400 # Stocker Calves Steers, (\$/Cwt.)	Total Weight Gain Per Head (Lbs.)	Price Received For Feeder Cattle Steers, (\$/Cwt.)				
		97.00	102.00	107.00	112.00	117.00
		----- dollars / head -----				
	354	-22.98	14.72	52.42	90.12	127.82
114.00	404	25.52	65.72	105.92	146.12	186.32
	454	74.02	116.72	159.42	202.12	244.82
	354	-44.32	-6.62	31.08	68.78	106.48
119.00	404	4.18	44.38	84.58	124.78	164.98
	454	52.68	95.38	138.08	180.78	223.48
	354	-65.67	-27.97	9.73	47.43	85.13
124.00	404	-17.17	23.03	63.23	103.43	143.63
	454	32.62	75.32	118.02	160.72	203.42
	354	-87.01	-49.31	-11.61	26.09	63.79
129.00	404	-38.51	1.69	41.89	82.09	122.29
	454	9.99	52.69	95.39	138.09	180.79
	354	-108.35	-70.65	-32.95	4.75	42.45
134.00	404	-59.85	-19.65	20.55	60.75	100.95
	454	-11.35	31.35	74.05	116.75	159.45

(1) PRODUCTION COSTS ARE HELD CONSTANT.

REFERENCES: WALT PREVATT, EXTENSION ECONOMIST
 DARRELL RANKINS, JR., EXTENSION ANIMAL SCIENTIST
 DON BALL, EXTENSION AGRONOMIST
 MIKE DAVIS, AREA EXTENSION AGRONOMIST

60 HEAD: STOCKER-STEER BUDGET (STOCKPILED NON-TOXIC ENDOPHYTE FESCUE); ALABAMA 2007-2008

FACILITIES AND EQUIPMENT

ITEM	ESTIMATED COST	NUMBER	PROPORTION CHARGED	TOTAL CHARGED	SALVAGE VALUE (%)	YEARS OF LIFE
FENCING	2,050	1.00	0.67	1,373.50	0.00	15.00
CORRAL	3,500	1.00	0.67	2,345.00	0.00	15.00
FEED BUNK	450	1.00	0.67	301.50	0.00	10.00
WATER TANK, ETC.	750	1.00	0.67	502.50	0.00	10.00
MINERAL FEEDER	275	1.00	0.67	184.25	0.00	10.00
PICKUP	23,750	1.00	0.00	0.00	20.00	7.00

TOTAL 4,706.75

SENSITIVITY OF NET RETURN PER HEAD ABOVE TOTAL COSTS
AT VARIOUS WEIGHT GAINS AND PURCHASE/SELLING PRICES(1)

Price Paid For 400 # Stocker Calves, Steers, (\$/Cwt.)	Total Weight Gain Per Head (Lbs.)	Price Received For Feeder Cattle, Steers, (\$/Cwt.)				
		100.00	105.00	110.00	115.00	120.00
		----- dollars / head -----				
	295	-33.28	1.46	36.20	70.94	105.68
114.00	345	16.72	53.96	91.20	128.44	165.68
	395	66.72	106.46	146.20	185.94	225.68
	295	-54.62	-19.88	14.86	49.60	84.34
119.00	345	3.05	40.29	77.53	114.77	152.01
	395	53.05	92.79	132.53	172.27	212.01
	295	-75.96	-41.22	-6.48	28.26	63.00
124.00	345	-25.96	11.28	48.52	85.76	123.00
	395	24.04	63.78	103.52	143.26	183.00
	295	-97.30	-62.56	-27.82	6.92	41.66
129.00	345	-47.30	-10.06	27.18	64.42	101.66
	395	2.70	42.44	82.18	121.92	161.66
	295	-118.64	-83.90	-49.16	-14.42	20.32
134.00	345	-68.64	-31.40	5.84	43.08	80.32
	395	-18.64	21.10	60.84	100.58	140.32

(1) PRODUCTION COSTS ARE HELD CONSTANT.

REFERENCES: WALT PREVATT, EXTENSION ECONOMIST
MIKE DAVIS, AREA EXTENSION AGRONOMIST
DARRELL RANKINS, JR., EXTENSION ANIMAL SCIENTIST
DON BALL, EXTENSION AGRONOMIST

60 HEAD: STOCKER-STEER BUDGET (DRYLOT USING A BY-PRODUCT AND GRAIN RATION);
 ESTIMATED COSTS AND RETURNS; USING RECOMMENDED MANAGEMENT PRACTICES;
450 LBS. BEG WT.;
2.60 LBS. ADG.; **150** TOTAL DAYS IN FEEDING PERIOD;
50 % GRAIN IN RATION **\$30.00** DOL./TON OF BY-PRODUCT
\$125.00 DOL./LB. OF GRAIN **10.00** FEED CONVERSION EFFICIENCY;
1.50 % DEATH LOSS; **823** LBS. ENDING WEIGHT W/ 2 % SHRINK;

ALABAMA, 2007-2008

ITEM	HEAD	UNIT	QUANTITY	PRICE OR COST/UNIT	TOTAL VALUE/COST	\$/HEAD SOLD
1. GROSS RECEIPTS						
FEEDER CATTLE	59.00	CWT.	8.23	106.00	51,470.42	872.38
					Change cell f3:Change cell f39 and f41	
2. VARIABLE COST						
STOCKER CALVES	60.00	CWT.	4.50	116.00	31,320.00	530.85
STARTER FEED		TON	2.10	102.50	215.25	3.65
GRAIN & BY PRODUCT RATION		TON	109.80	97.50	10,705.50	181.45
VET & MED		HD.	60.00	17.50	1,050.00	17.80
HAY		TON	18.00	80.00	1,440.00	24.41
LABOR		HR.	300.00	8.25	2,475.00	41.95
LAND RENTAL		ACRE	0.00	20.00	0.00	0.00
MARKETING EXPENSES		HD.	59.00	12.50	737.50	12.50
BEEF PROMOTION FEE		HD.	59.00	1.50	88.50	1.50
EQUIPMENT (REPAIR)		DOL.			121.17	2.05
INTEREST ON OP. CAP.		DOL.	17,126.43	0.0900	1,541.38	26.13
TOTAL VARIABLE COSTS					49,694.30	842.28
3. INCOME ABOVE VARIABLE COST					1,776.12	30.10
4. FIXED COST						
GENERAL OVERHEAD		HD.	60.00	2.50	150.00	2.54
INT. ON BLDG. AND EQUIP.		DOL.	3,652.50	0.09	328.73	5.57
DEPR. ON BLDG. AND EQUIP.		DOL.			579.08	9.81
OTHER F.C. ON BLDG. & EQUIP.		DOL.			52.78	0.89
TOTAL FIXED COSTS					1,110.59	18.82
5. TOTAL COST OF ALL SPECIFIED EXPENSES					50,804.89	861.10
6. NET RETURN ABOVE TOTAL COSTS					665.53	11.28
VALUE OF FEEDER CATTLE PER HEAD (\$/HD SOLD)					872.38	
COST OF PURCHASED STOCKER CALVES PER HEAD (\$/HD SOLD)					530.85	
3.65 CWT. OF GAIN/HD. SOLD;						
GROSS MARGIN (\$/HD SOLD)					341.53	
TOTAL PRODUCTION COST PER HEAD (\$/HD SOLD)					330.25	
VALUE OF GAIN PER CWT. (\$/CWT)					93.48	
COST OF GAIN PER CWT.: TO COVER VARIABLE COSTS (\$/CWT)					85.24	
TO COVER TOTAL COSTS (\$/CWT)					90.39	
NET RETURNS PER HEAD SOLD: ABOVE VARIABLE COSTS (\$/HD)					30.10	
ABOVE TOTAL COSTS (\$/HD)					11.28	
BREAKEVEN FEEDER PRICE: TO COVER VARIABLE COSTS (\$/CWT)					102.34	
TO COVER TOTAL COSTS (\$/CWT)					104.63	
MAXIMUM STOCKER PURCH. PRICE: TO COVER VARIABLE COSTS (\$/CWT)					121.57	
TO COVER TOTAL COSTS (\$/CWT)					117.45	

THESE ESTIMATES SHOULD BE USED AS GUIDES FOR PLANNING PURPOSES ONLY.

60 HEAD: STOCKER-STEER BUDGET (DRYLOT USING A BY-PRODUCT AND GRAIN RATION); ALABAMA, 2007-2008

FACILITIES AND EQUIPMENT

ITEM	YOUR COST	NUMBER	PROPORTION CHARGED	TOTAL CHARGED	SALVAGE VALUE (%)	YEARS OF LIFE
FEEDLOT	2,375	1.00	0.50	1,187.50	0.00	15.00
CORRAL	3,500	1.00	0.50	1,750.00	0.00	15.00
FEED BUNK	450	3.00	0.50	675.00	0.00	10.00
WATER TANK, ETC.	750	2.00	0.50	750.00	0.00	10.00
P.T.O. GRINDER & MIXER	5,350	1.00	0.50	2,675.00	10.00	10.00
TRACTOR	15,000	1.00	0.10	1,500.00	25.00	10.00
PICKUP	23,750	1.00	0.00	0.00	20.00	7.00

TOTAL 7,037.50

SENSITIVITY OF NET RETURN PER HEAD ABOVE TOTAL COSTS
AT VARIOUS WEIGHT GAINS AND PURCHASE/SELLING PRICES (1)

450	Price Paid For # Stocker Calves, Steers, (\$/Cwt.)	Total Weight Gain Per Head (Lbs.)	Price Received For Feeder Cattle, Steers, (\$/Cwt.)	96.00	101.00	106.00	111.00	116.00
				----- dollars / head -----				
		323		-71.56	-32.91	5.74	44.39	83.04
	106.00	373		-23.56	17.59	58.74	99.89	141.04
		423		24.44	68.09	111.74	155.39	199.04
		323		-95.29	-56.64	-17.99	20.66	59.31
	111.00	373		-47.29	-6.14	35.01	76.16	117.31
		423		0.71	44.36	88.01	131.66	175.31
		323		-119.02	-80.37	-41.72	-3.07	35.58
	116.00	373		-71.02	-29.87	11.28	52.43	93.58
		423		-23.02	20.63	64.28	107.93	151.58
		323		-142.75	-104.10	-65.45	-26.80	11.85
	121.00	373		-94.75	-53.60	-12.45	28.70	69.85
		423		-46.75	-3.10	40.55	84.20	127.85
		323		-166.48	-127.83	-89.18	-50.53	-11.88
	126.00	373		-118.48	-77.33	-36.18	4.97	46.12
		423		-70.48	-26.83	16.82	60.47	104.12

(1) PRODUCTION COSTS ARE HELD CONSTANT.

REFERENCES: WALT PREVATT, EXTENSION ECONOMIST
DARRELL RANKINS, JR., EXTENSION ANIMAL SCIENTIST