



Western Beef Development Centre

HOW MUCH MONEY WAS LOST FEEDING CATTLE IN SASKATCHEWAN DURING THE 2002-2003 FEEDING TURN?

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Introduction -Western Beef Development Centre Cost of Production Study

The Western Beef Development Centre (WBDC) has collected feedlot cost of production data for 2002 and 2003 from numerous farms, ranches and feedlots across Saskatchewan. This article reveals the economic returns earned by backgrounders and finishers participating in this study during the 2002-2003 feeding turn and is to be used as a benchmark for comparison.

Background

All cattle in this study were placed on feed in the fall of 2002 as calves (no yearlings were included). In some cases producers had difficulty separating steer and heifer information, and as such this analysis is therefore a layout of the average \$/head earned feeding a mixture of both steers and heifers (approximately 75% steers and 25% heifers).

All producers participating in this study also had a cowherd. On average 72% and 54% of the roughly 500 calves placed on feed in each of the backgrounding and finishing lots, originated from the producer's own cowherd.

Interest was charged on the initial cost of the calf placed in the feedlot. A constant interest rate of 6.5% was assumed.

Feed and bedding were charged at the producer's discretion as to its fair market value sitting in the feed stack, bin, pit, etc. The additional costs of processing, grinding, rolling and transporting feed to the bunk are included in the yardage category.

Yardage amounted to \$0.4478/day in the backgrounding analysis and \$0.3902/day for finishers. A more detailed breakdown of yardage calculations can be obtained from the WBDC fact sheet “2002 & 2003 Saskatchewan Feedlot Yardage Analysis: How Do You Compare?”

Unpaid Labour has been included as an expense in the yardage section. Unpaid labour averaged \$0.116/head day in the backgrounding analysis and \$0.074/head day for the finishers.

Results

Tables 1 and 2 display the results from the 2002-2003 backgrounding and finishing analysis, respectively. BSE payments related to cattle on feed May 20, 2003 have been included where applicable. However, payments from CAIS, NISA, etc. have not been included in the analysis.

Obviously the single case of BSE found in Alberta on May 20, 2003, affected the results of this study. On average 89% of the calves backgrounded had been either sold or transferred to pasture by May 20, 2003. The participating finishers were less fortunate as only 28% of their cattle had been sold when the movement of live cattle and boxed beef was halted. Average daily gains were quite low for finishers (2.17 lbs/day) during this feeding turn because of the delays in marketing and subsequent “holding of cattle” that occurred.

Average losses among backgrounders were calculated to be -\$29/head, with a cost of gain of approximately \$1.02/lb in order to achieve 1.44 lbs/day average daily gain. Finishers fared much worse, with the average loss after BSE payments still totalling -\$195/head. The 300 average days on feed per head resulted in a very large feed bill (\$407/head) and hefty yardage expense (\$117/head), which helped push the cost of gain to \$0.932/lb.

Note: Principal debt payments owing to the feedlot’s lending institutions have not been included in the margin per head calculation. Obviously a negative margin means principal debt payments were made using other equity in the business or in some cases were delayed during this time period.

To participate in the WBDC’s cost of production program (cow-calf and/or feedlot) or to obtain further information regarding this and many other articles pertaining to this topic, contact Tim Highmoor at (306) 966-2627, www.wbdc.sk.ca or email thighmoor@wbdc.sk.ca.

Note the WBDC has a feedlot break-even analysis calculator on its website <http://www.wbdc.sk.ca/publications/Calculator.xls>, which can be downloaded and used as an economic tool when making decisions regarding whether or not to feed cattle.

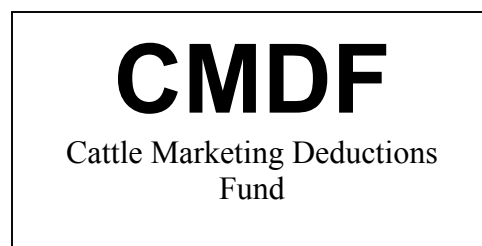
Table 1. WBDC 2002-2003 Saskatchewan Backgrounding Analysis

Average # of Head Placed On Feed (Fall 2002)		488.56	
Average # of Calves Retained from Cowherd		353.75	
Average # of Calves Purchased		134.81	
Average # Days on Feed/Head		154.85	
Average Daily Gain (Lbs/Day)		1.44	
Expenses		\$/Head	
Cost of Calf	523 lbs/head @ 1.256/lb	\$656.62	
Feed	\$0.74/day	\$113.83	A
Bedding	\$0.036/day	\$5.52	B
Veterinary		\$11.45	C
Yardage	154.85 days @ \$0.4478/day	\$69.34	D
Interest on Calf	6.50%	\$18.11	E
Death Loss	0.74%	\$4.87	F
Total Expenses		\$879.74	
		\$/Head	
Value of Calves Sold			
- Marketing & Trucking Deductions	741 lbs/head	\$850.25	
		\$/Head	
Margin		-29.48	
Cost of Gain (\$/lb)		1.02A+B+C+D+E+F/(741-523 lbs)	
# of Calves Sold Prior to May 20, 2003		431.31	88.94%
# of Calves Sold After May 20, 2003		53.63	11.06%

Table 2. WBDC 2002-2003 Saskatchewan Finishing Analysis

Average # of Head Placed On Feed (Fall'02)		501.43	
Average # of Calves Retained from Cowherd		273.29	
Average # of Calves Purchased		228.14	
Average Days on Feed/Head		300	
Average Daily Gain (Lbs/Day)		2.17	
Expenses			\$/Head
	604.43 lbs/head @		
Cost of Calf	\$1.23/lb	743.15	
Feed	\$1.36/day	407.32	A
Bedding		11.85	B
Veterinary		18.22	C
	300 days/head		
Yardage	@ \$0.3902/day	117.38	D
Interest on Calf	6.50%	39.75	E
Death Loss	1.74%	12.92	F
Total Expenses		1350.59	
			\$/Head
Value of Calves Sold			
- Marketing & Trucking Deductions*	1256 lbs/head	1154.67	
			\$/Head
Margin		-195.92	
Cost of Gain (\$/lb)		\$0.932	A+B+C+D+E+F/(1256-604 lbs)
# of Calves Sold Prior to May 20, 2003		137.14	27.83%
# of Calves Sold After May 20, 2003		355.57	72.17%

* includes government BSE payments related to May 20, 2003 inventory



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