



Western Beef Development Centre

2003 - 2004 Saskatchewan Feedlot Finishing Economics

By: Tim Highmoor, WBDC Economist

Introduction - WBDC Cost of Production Study

The Western Beef Development Centre (WBDC) has collected feedlot cost of production data for 2002, 2003, and 2004 from numerous farms, ranches, and feedlots across Saskatchewan. This article reveals the economic returns of 5 Saskatchewan feedlot finishers participating in this study during the 2003-04 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 2003 as calves (no yearlings were included). In some cases, producers had difficulty separating steer and heifer information; therefore, this analysis calculated the average \$/head earned feeding a mixture of both steers and heifers.

Interest was charged on the initial cost of the calf placed in the feedlot, feed, bedding, and veterinary costs. A constant interest rate of 6% was assumed.

Feed and bedding was expensed 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 \$0.33/feeding day amongst these 5 finishers. A more detailed breakdown of yardage calculations can be obtained from the WBDC fact sheet "2002-2004 Saskatchewan Feedlot Yardage Analysis: How Do You Compare."

Results

Table 1 displays the results from the 2003-04 finishing analysis. Average losses amongst finishers were calculated to be -\$87.70/head, with a cost of gain of approximately \$0.72/lb in order to achieve 2.15 lbs/day average daily gain.

Note: Principal debt payments owing to the feeders 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 obtain further information regarding this and many other articles pertaining to this topic contact the WBDC at 306-682-3139 or www.wbdc.sk.ca.

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. Feedlot Finishing Analysis: 2003-04 Feeding Turn

# of Producers		5
Avg. # of Head Placed On Feed (Fall '03)		624.6
Avg. Days on Feed/Head		338.5
Avg. Daily Gain (lbs/day)		2.15
Death Loss		1.83%
Income		\$/Head
Government Payments		\$104.00
Fed Cattle Sold (Less Trucking & Marketing)	1301 lbs @ \$0.7639/lb.	\$993.83
Total Income		\$1,097.83
Expenses		\$/Head
Cost of Calf	571 lbs @ 1.1532/lb.	\$658.48
Feed		\$323.69
Bedding		\$9.96
Veterinary		\$16.84
Yardage	338.50 days @ \$0.3274/day	\$110.81
Operating Interest	6.00%	\$46.22
Capital Interest		\$7.49
Death Loss	1.83%	\$12.04
Total Expenses		\$1,185.53
Margin		\$/Head
		(\$87.70)
Cost of Gain (\$/lb.)		\$1.02

This study was funded by the Saskatchewan Cattle Marketing Deductions Fund.

CMDF

Cattle Marketing
Deductions Fund