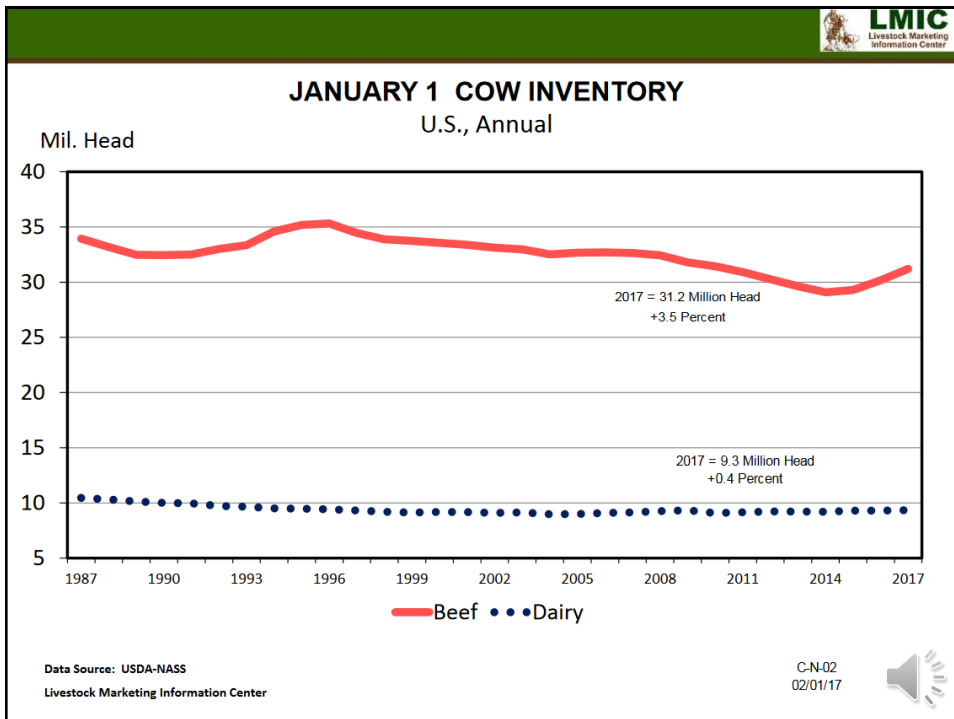
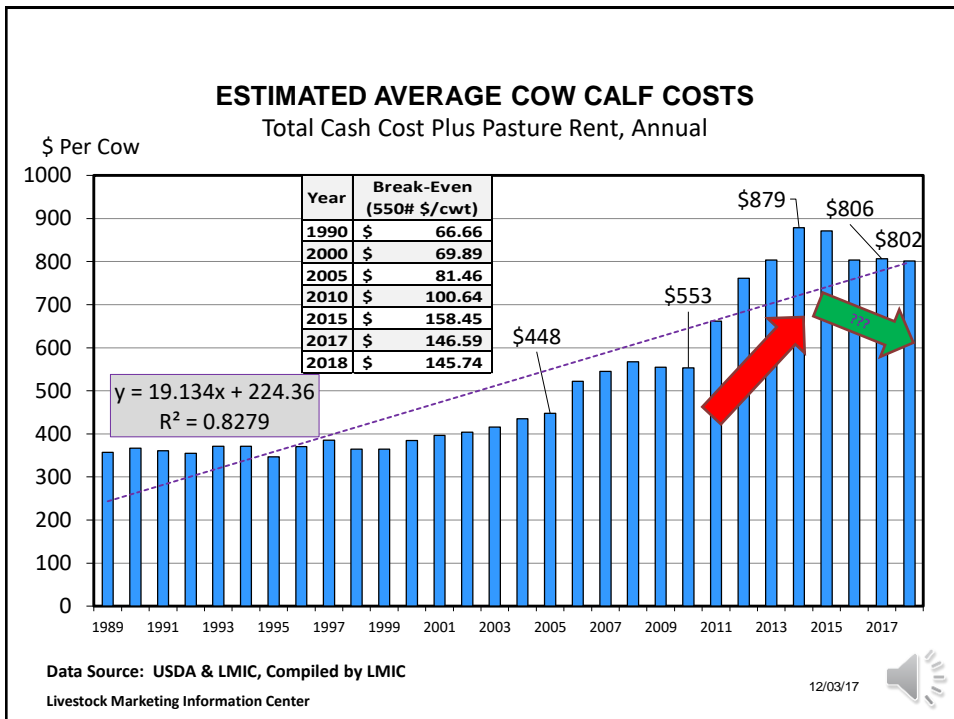
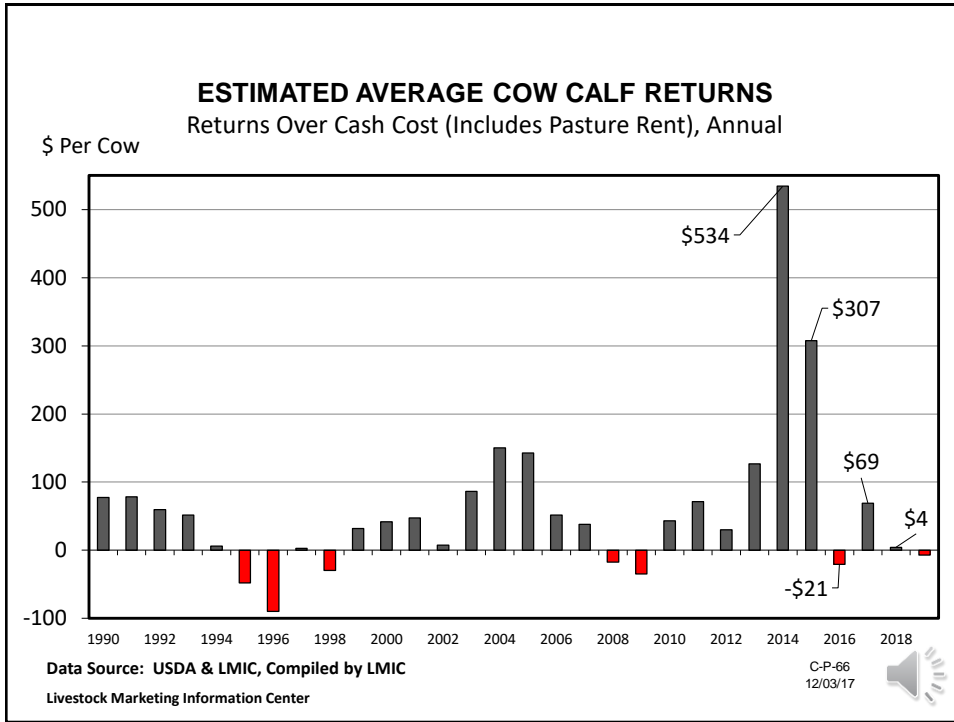


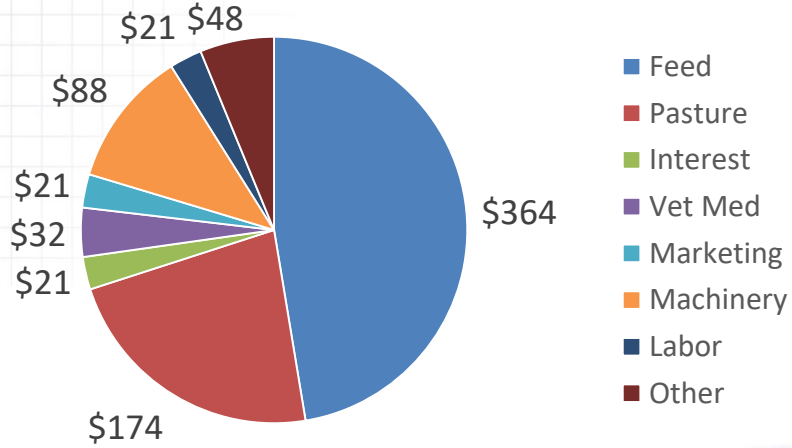
Cost, Profit and Production Benchmarking

Sandy Johnson
sandyj@ksu.edu
2018 WRM Series

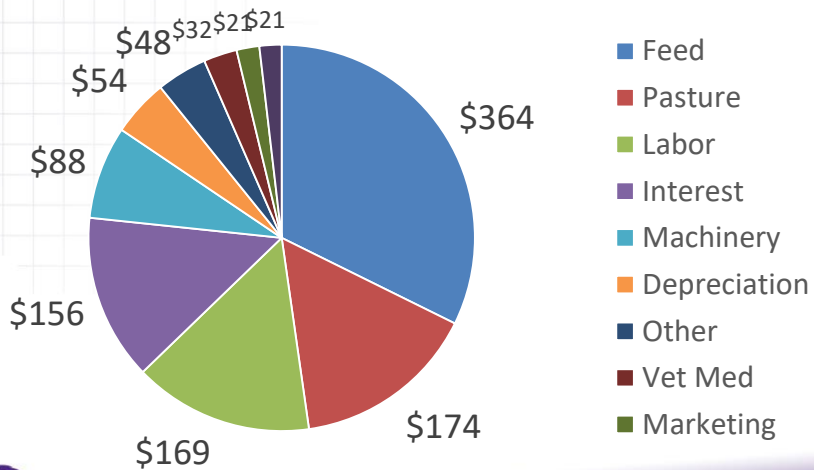




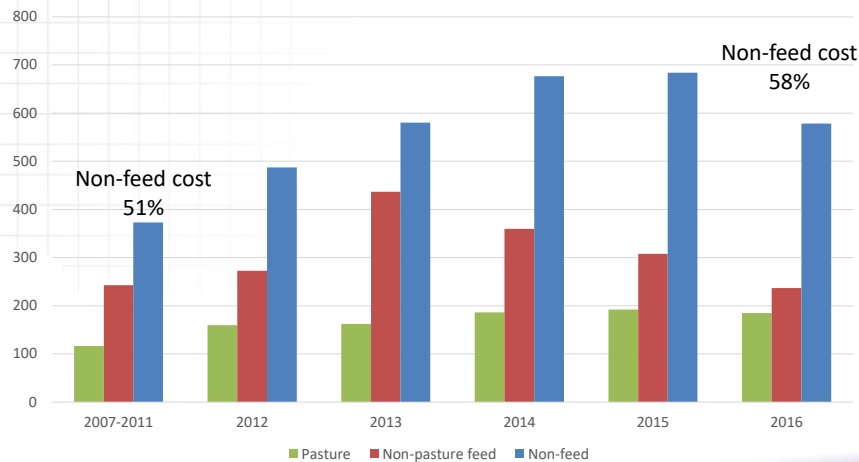
KFMA 2012-2016 Variable Costs



KFMA 2012-2016 Total Costs



KFMA NW Cow/Calf enterprise



Differences between high-, medium-, and low-profit cow-calf producers

Dustin Pendell and Kevin Herbel

- Agmanager.info
- <http://www.agmanager.info/livestock-meat/production-economics/differences-between-high-medium-and-low-profit-cow-calf>

2012-2016 KFMA Beef Cow-Calf Enterprise returns over variable costs

	All Farms	High 1/3	Low 1/3	Absolute difference	%
Number	61	20	20		
Labor to Livestock, %	32	34	28	6	22%
No. of Cows	155	150	119	31	27%
Gross Income	\$ 972	\$ 1064	\$ 893	\$ 171	19%
Total Variable Cost	\$ 767	\$ 697	\$ 849	\$ -152	-18%
Return over variable costs	\$ 205	\$ 366	\$ 44	\$ 322	

2012-2016 KFMA Beef Cow-Calf Enterprise variable costs

	High 1/3	Mid 1/3	Low 1/3	Absolute Difference Hi & Low	%
Feed	\$ 308	\$ 350	\$ 434	-\$126	-29%
Pasture	\$ 181	\$ 181	\$ 159	\$ 22	14%
Interest	\$ 15	\$ 15	\$ 33	-\$ 18	-54%
Vet Med/Drugs	\$ 30	\$ 30	\$ 35	-\$ 5	-15%
Livestock Marketing	\$ 14	\$ 18	\$ 32	-\$ 18	-56%
Machinery	\$ 89	\$ 96	\$ 77	\$ 12	16%
Labor	\$ 17	\$ 20	\$ 25	\$ 9	-34%
Other	\$ 44	\$ 45	\$ 54	-\$ 10	-19%

2012-2016 KFMA Beef Cow-Calf Enterprise returns over total costs

	All Farms	High 1/3	Mid 1/3	Low 1/3
Feed	\$ 364	\$ 309	\$ 357	\$ 425
% Feed of total	33%	30 %	33 %	35 %
Pasture	\$ 174	\$ 186	\$ 164	\$ 172
% Pasture of total	16 %	18 %	15 %	14 %
Non-feed costs	\$ 567	\$ 529	\$ 548	\$ 626
% Non-feed costs of total	51.4 %	51.7 %	51.3 %	51.2 %
Total	1105	1024	1070	1222

Cost of production

- Management Tool
- Actual costs best, but not always available
- Realistic estimates are important
- First step in a marketing plan is knowing cost of production

Calculating your own cost of production

- Cow/Calf Budgets -
<http://www.agmanager.info/farm-mgmt-guides/livestock-budgets>
- Consider joining KFMA

Simplifying cost of production calculations

- Use opportunity cost (what would it cost on the open market) to value things like pasture and hay
- Assumes the land enterprise leases to the cow/calf enterprise
- Haying enterprise sells to the cow/calf enterprise

Shared equipment costs

- If 70% of income is from cow/calf enterprise then allocate 70% of costs for shared equipment and utilities to that enterprise.

BeefBasis.com



BEEFBASIS.COM
Decision Support for America's Beef Producers

Home Forecasting Tools Market Data Historical Basis Tool Ration and Cost Calculator Financial Tools Other Tools About BeefBasis

Basis by Location - 8 Weeks

Basis by Location - 16 Weeks

USDA Reports - Cattle

- National Daily Cattle and Beef Summary
- National Daily Cows and Breeders Beef Summary
- National Weekly Cattle and Beef Summary
- Daily National Cattle Meat Report
- Daily Direct Steer and Heifer Slaughter Cattle Summary

BeefBasis Stocker Index

Stocker Index

The Stocker Index reflects a 7-day weighted average price of medium and large framed steers weighing 100-650 pounds. The data used to calculate the index comes from auction reports generated by the USDA.

The Region Stocker Index is calculated the the Stocker Index, but only with data from the indicated region.

Click on a state to get started.

Feeder Cattle Futures Settlement by Contract

\$/cwt

What's New

We are currently re-estimating our basis regression coefficients and have updated the first 6 states for the Basis And Price Forecasting tool to reflect the states that have been update.

We will continue updating our regression coefficients until all of the possible states have been updated so please check back.

The old tool's states, locations, and regression coefficients will stay online as Basis and Price Forecasting (Legacy).

If you have a problem with this site, let us [know!](#)

Announcements

Data for BeefBasis.com provided by USDA's Agriculture Marketing Service (AMS).

Guidance for Production Benchmarks

- Production records for cow/calf producers
- <https://www.bookstore.ksre.ksu.edu/pubs/MF3298.pdf>
- Spreadsheet to help calculate standardized production information (SPA)
- <http://www.asi.k-state.edu/research-and-extension/beef/research-and-extension/SPAproductionBlank2014.xlsx>



CHAPS Benchmarks (88,000 cows, updated 9/15/17)

- 91% Weaning rate (% Calf Crop)
- 498 lbs weaned/cow exposed
- 192 days of age at weaning

- 62.8% calved at 21 d
- 87.4% calved at 42 d
- 96.1% calved at 63 d



Measuring reproductive losses

- Cows Exposed
- Cows pregnant (fall)
- Cows that calve
- Cows that wean a calf
- Fail to conceive
- Fail to calve
- Failed to raise calf to weaning

CHAPS Benchmarks (88,000 cows, updated 9/15/17)

- 93.8% Pregnancy rate
- 0.50 % pregnancy loss
- 93.3 % calving rate
- 3.2% calf death loss
- 91.0 % weaning rate
- 3.4% calf death loss

Summary

- Beef cow numbers projected steady to up
- Cow/calf returns nearer breakeven
- Lower feed costs associated with higher profit
- Determine cost of production
- Use BeefBasis.com for marketing
- Track production benchmarks (% calf crop, calving distribution)



KSUBeef.org

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Animal Sciences and Industry

Welcome to KSUBeef.org

KSUBeef.org Home

- Feed & Water
- Health
- Reproduction & Genetics
- Cost of Production & Marketing
- Employee Management
- Legal/Regulatory
- Proceedings and Research

KSUBeef.org: Your resource for beef information

Gregg Doud to Headline Cattlemen's Day Program

K-State's 105th Annual Cattlemen's Day set for March 2. Program and online registration is now available.

Managing Livestock in Winter

Upcoming Events

Winter Ranch Management Seminars

- Feb. 6, 2018, 5:30 p.m., NCK Technical College, Beloit
- Feb. 7, 2018, 5:30 p.m., McCormick Elementary, Olsburg
- Feb. 8, 2018, 5:30 p.m., Lane County Fairgrounds, Diehton