FEEDLOT COST WORKSHEET

1983

Fresno County
Aaron O. Nelson, Farm Advisor

Based on a 125-day feeding period with 3 lbs. gained per day. Feed conversion (lb. feed:lb. gain) is 8:1, 1% death loss in feedlot, assume no deaths in transit.

	Total Cost	Cost Per Cwt. Purchased	My Costs
Procurement			
Purchase: 100 steers, 700 lbs. @ 63¢	$44,100	$63.00	
Freight: 70,000 lbs., 500 mile haul (based on current rate of $1.85/mi. for 50,000 lb. load)	1,295	1.85	
DELIVERED COSTS	$45,395	$64.85	
		Cost Per Cwt. Gain	
Feedlot			
Feed: 150 tons @ $147.50	$22,125	$60.74	
Processing, vet and medicine @ $7/hd	700	1.92	
Interest on borrowed capital @ 14%	1,415	3.88	
FEEDLOT COST OF GAIN	$24,240	$66.55	
		Cost Per Cwt. Sold	
Total Cost to Market Weight			
Procurement	$45,395	$42.65	
Feedlot	24,240	22.78	
Opportunity Costs on Owned Capital @ 8%	750	.70	
BREAK-EVEN COST	$70,385	$66.14	
Sell: 99 head, 1075 lbs. @ 63¢	$67,048	$70.00	
NET GAIN (Loss)	($ 3,337)	($ 3.60)	

BEEF CATTLE FEEDLOT COSTS

There is an almost infinite number of ways by which cattle come to be placed in feedlots, and almost as many arrangements that can exist between cattle owners and feedlot managers. A short discussion of some of these variables are given for your consideration.

Ownership: The cattle may be owned by the feedlot management, but a significant percentage are owned by others and placed in the lot on a custom-feeding basis. In proportions that vary with the economy, these outside owners may be speculative investors, tax shelter seekers, the original breeders of the stock, or stocker operators who maintain ownership until slaughter.

Source of costs can be grouped generally into procurement and delivery, veterinary and medicine (including processing) taxes and interest, and feed costs. For custom fed cattle, these feed costs include a markup of $20-$25 per ton to cover operational costs of the mill and lot.

Financing and billing procedures vary both among lots and among customers, but a typical situation might be as follows:

> The cattle owner must advance cash equal to 30%-35% of the procurement costs plus a like percentage of the projected feed costs. The remainder will be carried either by the feedlot or a lending institution. Thereafter, billing will be monthly and will list separately the sources of cost mentioned above. Prompt payment precludes any interest on the monthly charges, but interest on the portion financed does accrue.

Marketing is normally done by the feedlot management. Sale weight usually allows for a 4-5% shrink in transit.

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