



Beef Cattle Marketing Alternatives for Fall 2003

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Introduction

Currently high prices for weaned, feeder, and fed cattle have many producers considering their marketing alternatives. Although profits are available to those cow-calf producers who plan to sell in the next few months, historically high feeder and fed cattle futures make it appear that there is also some profit potential in either stockering or custom finishing cattle.

Although there are many numerous variations, the most likely scenarios many producers are considering are:

1. Sell at weaning
2. Stocker calves on winter pasture
3. Custom graze stocker calves
4. Custom finish calves

Evaluation of Alternatives

Each of the alternatives was evaluated using current market conditions. The results of this evaluation using cash prices from Georgia auctions for the week ending October 10, 2003 are shown in Table 1. Prices for stockers sold in March were based on current auction prices and historical buy-sell margins. Projected prices for fed cattle were based on current futures prices for the appropriate contract month minus \$1/Cwt. basis.

Selling at weaning

With current relatively high feeder cattle prices, selling at weaning is not a bad choice. Using information from UGA budgets and personal observation, returns above variable costs should be around \$133/cow for producers doing a good job managing their herd. These returns are figured based on a 90% calf crop with half of the calves steers and half the calves heifers. Average weaning weight is assumed to be 475 pounds with steers weighing 500 pounds and heifers weighing 450 pounds. *Even though some producers may choose to retain heifers, the market value of the heifer should be credited to the cow-calf enterprise and her market value plus development costs charged as a capital expense when she enters the herd.*

Total variable costs are assumed to be \$252 per cow. Producers with costs significantly different than these should conduct their own analysis.

In general, selling at weaning is usually a favorable alternative when prices are relatively high. Thus, producers who are in a cash flow crunch or do not have the facilities to wean, precondition, or stocker calves should still have a profitable year if they sell at weaning.

Table 1
Results of Marketing Alternatives Analysis

Item	Stocker Steers on Winter Grass	Stocker Steers on Winter Grass, Corn, and Hay	Custom Graze Stockers on Winter Grass	Custom Finish 550 Pound Steers	Custom Finish 700 Pound Steers
In Date	10/15	10/15	11/01	10/15	10/15
In Weight	500	500	500	550	700
Stocking Rate (steers/acre)	1.5	2.0	2.0	N/A	N/A
ADG	1.65	1.85	1.65	3.25	3.25
Out Wt (Pay weight)	748	778	778	1,152	1,152
Out/Sales Date	03/13/04	03/13/04	04/29/04	4/17/04	3/02/04
Expected Price	\$88.10	\$88.10	\$40.00/Cwt. Gain	\$83.80	\$83.80
Total Cost of Gain (\$/Cwt.)	\$73.54	\$62.58	\$46.87	\$58.85	\$63.35
Returns over Variable Cost (\$/head)	\$0.64	\$35.17	-\$18.71	\$116.09	\$105.03
Maximum Breakeven Purchase Price of Calf (\$/Cwt.)	\$94.71	\$101.72	N/A	\$111.11	\$97.00
Breakeven Sales Price (\$/Cwt.)	\$87.13	\$82.70	\$45.93	\$73.80	\$74.74

Stockering Steers

Stockering steers can be a profitable alternative this fall depending on cost of gain and sales price. Total Cost of Gain (COG), which is defined as:

$$\text{COG} = \frac{\text{Total cost of pasture, feed, minerals, vet, labor, repairs, interest, etc.}}{\text{Total beginning weight} - \text{Total ending weight}}$$

takes into account death loss and average daily gain. The two things that most often cause COG to be too high are poor animal performance and high feed cost. Poor animal performance is often caused by health problems, but is more often caused by producers not adequately feeding animals. To insure that stockers are gaining like they should, producers should do the following:

1. Either invest in, or have access to a reliable set of scales
2. Have their hay and other forage sources tested
3. Have someone knowledgeable in beef cattle nutrition develop a ration that will keep the animals gaining for the stockering period
4. Consider using implants and ionophores to increase animal performance

Sales price obviously plays an important role in influencing profits of stockering. The actual sales price is not as important as the difference between the purchase price and the sales price which is called the buy-sell margin (BSM). The typical BSM from October to March on 500-600 pound

steers is about -\$4.00/Cwt. However, it is important to realize that the margin has been as wide as -\$13. If this occurred, calves that were purchased for \$92/Cwt. would be sold for \$79/Cwt., well below the breakeven price.

Custom Grazing

Based on the assumptions used, custom grazing does not seem very favorable. However, producers who can lower their COG below the contract rate can generate profits. It should be pointed out that this enterprise attributes all winter grazing costs to the stockering enterprise. If AND ONLY if, row crop producers are going to plant a winter cover crop, the only winter grazing expenses they should attribute to the grazing enterprise are any additional seeding or fertilizer cost for the stockers.

Usually, animal performance is the key to making money custom grazing. Too often producers overstock winter grazing areas and underfeed the stockers, resulting in poor animal performance and economic losses. Persons interested in custom grazing should follow the four suggestions above to make sure that feed costs are kept to a minimum and animals gain as they should.

Custom Finishing

With fed cattle prices at historically high levels, having calves custom finished seems to generate unbelievably positive profits. Readers are cautioned that these prices are based on current futures prices. The fact still remains that feeders placed into feedlots have fairly high breakeven prices of \$73-\$75/Cwt. Also, this analysis assumes the cattle gain 3.25 pounds per day and consume 7 pounds of feed for every pound of gain (dry matter basis). Producers who have little or no information on how their cattle feed should revise these numbers accordingly.

Risk Management

With calf and fed cattle prices at these levels many producers can be lulled into a false sense of security. It will only take one rumor of BSE or FMD here in the U.S., or some other catastrophe to send the market and profits tumbling. With these thoughts in mind, cattlemen are strongly encouraged to implement some type of marketing risk management plan.

Using current futures and options prices, many cattlemen have the opportunity to lock in either significant profits, or at least breakevens with considerable profit potential. Producers are strongly encouraged to learn more about these and other marketing alternatives by contacting their local University of Georgia County Extension office.

Other Considerations

Although custom finishing fed cattle appears to be a profitable venture at this time, there is considerable price and production risk involved. Producers interested in custom finishing should also strongly consider implementing a risk management plan that involves protecting the value of the cattle as well as setting an upper limit on feed cost. The local county extension office can provide helpful information on developing and implementing a risk management strategy.

Summary

Current strong calf prices provide most beef cattle producers with several profitable marketing alternatives. At this time, the most profitable alternative compared to selling at weaning appears to be custom finishing or stockering calves on winter pasture, corn, and hay. As always, producers are encouraged to make their decision based on their own objectives and resource situation. For additional help and information on livestock economics and marketing, producers are encouraged to contact their local county extension office.

STOCKERING STEERS ON TEMPORARY WINTER GRAZING
(Variable Cost Budget)

NUMBER OF ACRES	100.00	In Date	10/15/03
STOCKING RATE (HEAD/ACRE)	1.50	Out Date	03/13/04
NUMBER OF CALVES PLACED	150	Expected Buy-Sell Margin	(\$3.90)
DEATH LOSS (%)	1.00%		
NUMBER OF CALVES SOLD	149		
FEEDING PERIOD (DAYS)	150.00		
MARKETING SHRINK(%)	3.00		

	BEST	OPT.	MEDIAN	PESS.	WORST
PAYWEIGHT TO PAYWEIGHT	2.15	1.90	1.65	1.40	1.15
DAILY GAIN (LBS./DAY)					
NET SELLING WEIGHT (CWT.)	8.23	7.85	7.48	7.10	6.73
SELLING PRICE (\$/CWT.)	\$102.47	\$95.29	\$88.10	\$83.49	\$78.87

ITEM	UNIT	UNITS PER HD.	TOTAL QUANTITY	UNIT PRICE	TOTAL AMOUNT
VARIABLE COSTS:			(units)	(\$/unit)	
CALF	CWT.	5.00	750	\$92.00	\$69,000
PROCUREMENT COST	HEAD	1.00	150	\$9.30	\$1,395
WINTER GRAZING	ACRE	0.67	100	\$137.05	\$13,705
HAY	TON	0.25	38	\$55.00	\$2,063
RECEIVING RATION	CWT.	2.97	446	\$4.24	\$1,888
MINERALS	LBS.	37.50	5,625	\$0.15	\$844
MEDICATION,WORM,VAC.	HEAD	1.00	150	\$4.00	\$600
GROW.STIMULANT	IMPLANT	2.00	300	\$1.00	\$300
REPAIRS	HEAD	1.00	150	\$0.70	\$105
LAND RENTAL	ACRE	0.67	100	\$0.00	\$0
LABOR	HRS.	2.00	300	\$9.00	\$2,700
DEATH LOSS	\$		69,000	1.00%	\$690
INTEREST ON OP. CAP.	\$		93,290	7.00%	\$2,684
AUCTION AND HAULING	HEAD	1.00	150	\$11.50	\$1,725
TOTAL VARIABLE COST					\$97,698

No Fixed Costs for Variable Cost Budget

TOTAL FIXED COST \$0.00

COST OF GAIN SUMMARY AND MAX. BREAKEVEN CALF PRICE

	\$/CWT.
FEED ONLY COST OF GAIN (\$/CWT.)	\$49.83
FEEDING COST OF GAIN (\$/CWT.)	\$73.54
TOTAL COST OF GAIN (\$/CWT.)	\$73.54
 MAX. BREAKEVEN PURCHASE PRICE OF CALF	 \$94.71

EXPECTED BREAKEVEN TABLE

ITEM	TOTAL AMOUNT	\$ / CWT.	\$/HD.
Variable Cost	\$97,698	\$87.13	\$657.90
 TOTAL COST	 \$97,698	 \$87.13	 \$651.32

EXPECTED RETURN TABLE

150 head sold

EXP. WEIGHT (cwt./hd.)	TOTAL WEIGHT (cwt.)	EXP. PRICE (\$/cwt.)	TOTAL RETURN
7.48	1121.25	\$88.95	\$99,733

RISK RATED RETURNS OVER CASH FLOW COST

Net return levels (TOP ROW);

The chances of obtaining this level or more (MIDDLE ROW); and

The chances of obtaining this level or less (BOTTOM ROW).

	<u>Optimistic</u>		<u>Expected</u>		<u>Pessimistic</u>		
Returns	\$13,940	\$9,639	\$5,338	\$1,037	-\$2,885	-\$6,807	-\$10,729
Chances	7%	16%	30%	49%	68%	84%	94%
Chances	93%	84%	70%	51%	32%	16%	6%
 CHANCE FOR PROFIT	 54%		 BASE BUDGETED NET REVENUE				 \$95.86
	EXPECTED PROFIT PER HEAD						\$0.64

PROFIT IS RETURN TO RISK AND ALL "ZERO" ITEMS IN THE BUDGET.
MAY ENTER YOUR OWN VALUES.

STOCKERING STEERS ON TEMPORARY WINTER GRAZING, CORN AND HAY
(Variable Cost Budget)

NUMBER OF ACRES	100.00	In Date	10/15/03
STOCKING RATE (HEAD/ACRE)	2.00	Out Date	03/13/04
NUMBER OF CALVES PLACED	200	Expected Buy-Sell Margin	(\$3.90)
DEATH LOSS (%)	1.00%		
NUMBER OF CALVES SOLD	198		
FEEDING PERIOD (DAYS)	150.00		
MARKETING SHRINK(%)	3.00		

	BEST	OPT.	MEDIAN	PESS.	WORST
PAYWEIGHT TO PAYWEIGHT	2.35	2.10	1.85	1.60	1.35
DAILY GAIN (LBS./DAY)					
NET SELLING WEIGHT (CWT.)	8.53	8.15	7.78	7.40	7.03
SELLING PRICE (\$/CWT.)	\$102.47	\$95.29	\$88.10	\$83.49	\$78.87

ITEM	UNIT	UNITS PER HD.	TOTAL QUANTITY	UNIT PRICE	TOTAL AMOUNT
VARIABLE COSTS:					
CALF	CWT.	5.00	(units) 1,000	(\$/unit) \$92.00	\$92,000
PROCUREMENT COST	HEAD	1.00	200	\$9.30	\$1,860
WINTER GRAZING	ACRE	0.50	100	\$137.05	\$13,705
HAY	TON	0.25	50	\$55.00	\$2,750
CORN	BU	9.50	1,900	\$2.80	\$5,320
SOYBEAN MEAL	LBS.	20.00	4,000	\$0.12	\$480
MINERALS	LBS.	25.00	5,000	\$0.15	\$750
MEDICATION,WORM,VAC.	HEAD	1.00	200	\$4.00	\$800
GROW.STIMULANT	IMPLANT	2.00	400	\$1.00	\$400
REPAIRS	HEAD	1.00	200	\$0.98	\$197
LAND RENTAL	ACRE	0.50	100	\$0.00	\$0
LABOR	HRS.	2.00	400	\$9.00	\$3,600
DEATH LOSS	\$		92,000	1.00%	\$920
INTEREST ON OP. CAP.	\$		122,782	7.00%	\$3,532
AUCTION AND HAULING	HEAD	1.00	198	\$11.50	\$2,277

TOTAL VARIABLE COST **\$128,591**

No Fixed Costs for Variable Cost Budget

TOTAL FIXED COST **\$0.00**

COST OF GAIN SUMMARY AND MAX. BREAKEVEN CALF PRICE

	\$/CWT.
FEED ONLY COST OF GAIN (\$/CWT.)	\$41.45
FEEDING COST OF GAIN (\$/CWT.)	\$62.58
TOTAL COST OF GAIN (\$/CWT.)	\$62.58
 MAX. BREAKEVEN PURCHASE PRICE OF CALF	 \$101.72

EXPECTED BREAKEVEN TABLE

ITEM	TOTAL AMOUNT	\$ / CWT.	\$/HD.
Variable Cost	\$128,591	\$82.70	\$649.45
 TOTAL COST	 \$128,591	 \$82.70	 \$642.96

EXPECTED RETURN TABLE

200 head sold

EXP. WEIGHT (cwt./hd.)	TOTAL WEIGHT (cwt.)	EXP. PRICE (\$/cwt.)	TOTAL RETURN
7.78	1555.00	\$88.95	\$138,314

RISK RATED RETURNS OVER CASH FLOW COST

Net return levels (TOP ROW);

The chances of obtaining this level or more (MIDDLE ROW); and

The chances of obtaining this level or less (BOTTOM ROW).

	<u>Optimistic</u>		<u>Expected</u>		<u>Pessimistic</u>		
Returns	\$26,007	\$20,118	\$14,229	\$8,340	\$2,984	-\$2,373	-\$7,729
Chances	7%	16%	30%	49%	68%	84%	94%
Chances	93%	84%	70%	51%	32%	16%	6%
 CHANCE FOR PROFIT	 78%		 BASE BUDGETED NET REVENUE		 EXPECTED PROFITS PER HEAD		 \$7,034.47
							\$35.17

PROFIT IS RETURN TO RISK AND ALL "ZERO" ITEMS IN THE BUDGET.

**CUSTOM GRAZING ON TEMPORARY WINTER GRAZING
(Variable Cost Budget)**

NUMBER OF ACRES	100.00	In Date	11/01/03
STOCKING RATE (HEAD/ACRE)	2.00	Out Date	04/29/04
NUMBER OF CALVES PLACED	200		
DEATH LOSS (%)	2.00%		
NUMBER OF CALVES SOLD	196		
FEEDING PERIOD (DAYS)	180.00		
MARKETING SHRINK(%)	4.50%		

	BEST	OPT.	MEDIAN	PESS.	WORST
AVERAGE DAILY GAIN (LBS./DAY)	2.15	1.90	1.65	1.40	1.15
PAYWEIGHT TO PAYWEIGHT CALCULATED NET GAIN PER HD. ADJUSTED FOR DEATH LOSS	3.62	3.20	2.78	2.36	1.94
PAYMENT PRICE (\$/CWT.)	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00

ITEM	UNIT	UNITS PER HD.	TOTAL QUANTITY	UNIT PRICE	TOTAL AMOUNT
VARIABLE COSTS:					
			(units)	(\$/unit)	
CALF	CWT.	5.00	980	\$0.00	\$0
WINTER GRAZING	ACRE	0.50	100	\$137.05	\$13,705
HAY	TON	0.25	50	\$55.00	\$2,750
RECEIVING RATION	TON	0.10	20	\$200.00	\$4,000
MINERALS	LBS.	45.00	9,000	\$0.15	\$1,350
MEDICATION	HEAD	1.00	200	\$2.00	\$400
GROW.STIMULANT	IMPLANT	2.00	400	\$1.00	\$400
REPAIRS	HEAD	1.00	200	\$0.80	\$160
LAND RENTAL	ACRE	0.50	100	\$0.00	\$0
LABOR	HRS.	1.00	200	\$9.00	\$1,800
EXTRA DEATH LOSS	\$		383	\$0.00	\$0
INTEREST ON OP. CAP.	\$		24,565	8.00%	\$969
AUCTION AND HAULING	HEAD	1.00	200	\$0.00	\$0
TOTAL VARIABLE COST					\$25,535

No Fixed Costs for Variable Cost Budget

TOTAL FIXED COST **\$0.00**

	\$/CWT.
FEED ONLY COST OF GAIN (\$/CWT.)	\$40.02
FEEDING COST OF GAIN (\$/CWT.)	\$46.87
TOTAL COST OF GAIN (\$/CWT.)	\$46.87

EXPECTED BREAKEVEN TABLE

ITEM	TOTAL AMOUNT	\$ / CWT.	\$/HD.
VARIABLE COST	\$25,534.62	\$45.93	\$127.67

TOTAL COST \$25,534.62 \$45.93 \$127.67

EXPECTED RETURN TABLE

196 head sold

EXP. WEIGHT GAIN (cwt./hd.)	TOTAL WEIGHT GAIN (cwt.)	EXP. PRICE (\$/cwt.)	TOTAL RETURN
2.78	544.81	\$40.00	\$21,792

RISK RATED RETURNS OVER CASH FLOW COST

RISK RATED F Net return levels (TOP ROW);

The chances of obtaining this level or more (MIDDLE ROW); and

The chances of obtaining this level or less (BOTTOM ROW).

	<u>Optimistic</u>		<u>Expected</u>		<u>Pessimistic</u>		
Returns	\$1,756	\$72	-\$1,613	-\$3,298	-\$4,982	-\$6,667	-\$8,351
Chances	7%	16%	31%	50%	69%	84%	93%
Chances	93%	84%	69%	50%	31%	16%	7%

CHANCE FOR PROFIT

16%

**BASE BUDGETED NET REVENUE
EXPECTED PROFIT PER HEAD**

**(\$3,742.38)
(\$18.71)**

*PROFIT IS RETURN TO RISK AND ALL "ZERO" ITEMS IN THE BUDGET.
MAY ENTER YOUR OWN VALUES.*

**(Variable Cost Budget)
PLACING 550 POUND STEERS**

Placement Date	10/15/03
NUMBER HEAD PLACED	91
DEATH LOSS (%)	1.00%
NUMBER HEAD FINISHED	90
FEED CONVERSION	7.00
MARKETING SHRINK(%)	4.00
GROSS FINISHED WEIGHT (CWT.)	12.00
NET SELLING WEIGHT (CWT.)	11.52
FEEDING PERIOD (DAYS)	185
Projected Out Date	04/17/04
Current Live Cattle Futures for Delivery Month	\$84.80
Expected Basis	(\$1.00)
Expected Cash Price	\$83.80

PAYWEIGHT TO PAYWEIGHT- DAILY GAIN (LBS./DAY)	BEST	OPT.	MEDIAN	PESS.	WORST
	3.65	3.45	3.25	3.05	2.85
SELLING PRICE (\$/CWT.)	\$93.80	\$88.80	\$83.80	\$78.80	\$73.80

ITEM	UNIT	UNITS PER HEAD	TOTAL QUANTITY	UNIT PRICE	TOTAL AMOUNT
VARIABLE COSTS:			(units)	(\$/unit)	
CALF	CWT.	5.50	500.50	\$90.00	\$45,045
PROCUREMENT COST	HEAD	0.00	0.00	\$0.00	\$0
TRANSPORTATION	CWT.	5.50	500.50	\$4.00	\$2,002
PROCESSING CHARGE	HD.	1.00	91.00	\$0.00	\$0
CALF INTEREST	\$	517.00	47,047	7.00%	\$1,671
FEED	TONS	2.11	191.74	\$110.00	\$21,091
FEED MARKUP	TONS	2.11	191.74	\$0.00	\$0
YARDAGE	DAYS	185	16,856	\$0.27	\$4,551
VET.,MED. & SUPPLIES	HEAD	1.00	91	\$15.00	\$1,365
OTHER	HEAD	1.00	91	\$0.00	\$0
DEATH LOSS	\$	517.00	47,047	1.00%	\$470
INTEREST ON FEED ETC.	\$	301.95	27,478	7.00%	\$488
MARKETING	HEAD	1.00	91	\$6.60	\$601
TOTAL VARIABLE COST					\$77,285

COST SUMMARY:	\$/CWT
FEED ONLY COST OF GAIN (\$/CWT)	\$38.50
FEEDING COST OF GAIN (\$/CWT)	\$51.05
TOTAL COST OF GAIN (\$/CWT)	\$58.85

MAX BREAKEVEN PURCHASE PRICE OF CALF (\$/CWT)	\$111.11
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BREAKEVEN TABLE

ITEM	BASE BUDGETED TOTAL	EXPECTED TOTAL	EXP. \$/CWT.	EXP. \$/HD.
VARIABLE COST	\$77,285	\$77,369	73.80	850.21
DIRECT FIXED COST	\$0	\$0	0.00	0.00
OVERHEAD	\$0	\$0	0.00	0.00
MANAGEMENT	\$0	\$0	0.00	0.00
TOTAL COST	\$77,285	\$77,369	73.80	850.21

EXPECTED RETURN TABLE

91 head sold (death loss in cost)

EXP. WEIGHT (cwt./hd.)		EXP. PRICE (\$/cwt.)	TOTAL RETURN (\$)
11.52	1048.32	83.80	87,849

RISK RATED RETURNS OVER VARIABLE COSTS

Net return levels (TOP ROW);
The chances of obtaining this level or more (MIDDLE ROW); and
The chances of obtaining this level or less (BOTTOM ROW).

	<u>Optimistic</u>				<u>Pessimistic</u>			
Returns	18,697	15,958	13,219	10,480	7,723	4,965	2,208	
Chances	100%	16%	31%	50%	69%	84%	93%	
Chances	93%	84%	69%	50%	31%	16%	7%	

CHANCE FOR PROFIT	97%	BASE BUDGETED NET REVENUE	\$10,564.62
		EXPECTED PROFIT PER HEAD	\$116.09

*PROFIT IS RETURN TO RISK AND ALL "ZERO" ITEMS IN THE BUDGET.
MAY ENTER YOUR OWN VALUES.*

**(Variable Cost Budget)
PLACING 700 POUND STEERS**

Placement Date	10/15/03
NUMBER HEAD PLACED	72
DEATH LOSS (%)	1.00%
NUMBER HEAD FINISHED	71
FEED CONVERSION	7.00
MARKETING SHRINK(%)	4.00
GROSS FINISHED WEIGHT (CWT.)	12.00
NET SELLING WEIGHT (CWT.)	11.52
FEEDING PERIOD (DAYS)	139
Projected Out Date	03/02/04
Current Live Cattle Futures for Delivery Month	\$84.80
Expected Basis	(\$1.00)
Expected Cash Price	\$83.80

PAYWEIGHT TO PAYWEIGHT- DAILY GAIN (LBS./DAY)	BEST	OPT.	MEDIAN	PESS.	WORST
	3.65	3.45	3.25	3.05	2.85
SELLING PRICE (\$/CWT.)	\$93.80	\$88.80	\$83.80	\$78.80	\$73.80

ITEM	UNIT	UNITS PER HEAD	TOTAL QUANTITY	UNIT PRICE	TOTAL AMOUNT
VARIABLE COSTS:			(units)	(\$/unit)	
CALF	CWT.	7.00	504.00	\$82.00	\$41,328
PROCUREMENT COST	HEAD	0.00	0.00	\$0.00	\$0
TRANSPORTATION	CWT.	7.00	504.00	\$4.00	\$2,016
PROCESSING CHARGE	HD.	1.00	72.00	\$0.00	\$0
CALF INTEREST	\$	602.00	43,344	7.00%	\$1,156
FEED	TONS	1.58	113.90	\$110.00	\$12,529
FEED MARKUP	TONS	1.58	113.90	\$0.00	\$0
YARDAGE	DAYS	139	10,014	\$0.27	\$2,704
VET.,MED. & SUPPLIES	HEAD	1.00	72	\$15.00	\$1,080
OTHER	HEAD	1.00	72	\$0.00	\$0
DEATH LOSS	\$	602.00	43,344	1.00%	\$433
INTEREST ON FEED ETC.	\$	232.59	16,747	7.00%	\$223
MARKETING	HEAD	1.00	72	\$6.60	\$475
TOTAL VARIABLE COST					\$61,945

COST SUMMARY:	\$/CWT
FEED ONLY COST OF GAIN (\$/CWT)	\$38.50
FEEDING COST OF GAIN (\$/CWT)	\$52.14
TOTAL COST OF GAIN (\$/CWT)	\$63.35

MAX BREAKEVEN PURCHASE PRICE OF CALF (\$/CWT)	\$97.00
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BREAKEVEN TABLE

ITEM	BASE BUDGETED TOTAL	EXPECTED TOTAL	EXP. \$/CWT.	EXP. \$/HD.
VARIABLE COST	\$61,945	\$61,995	74.74	861.04
DIRECT FIXED COST	\$0	\$0	0.00	0.00
OVERHEAD	\$0	\$0	0.00	0.00
MANAGEMENT	\$0	\$0	0.00	0.00
TOTAL COST	\$61,945	\$61,995	74.74	861.04

EXPECTED RETURN TABLE

72 head sold (death loss in cost)

EXP. WEIGHT (cwt./hd.)		EXP. PRICE (\$/cwt.)	TOTAL RETURN (\$)
11.52	829.44	83.80	69,507

RISK RATED RETURNS OVER VARIABLE COSTS

Net return levels (TOP ROW);
The chances of obtaining this level or more (MIDDLE ROW); and
The chances of obtaining this level or less (BOTTOM ROW).

	<u>Optimistic</u>				<u>Pessimistic</u>		
Returns	13,890	11,764	9,638	7,512	5,378	3,244	1,110
Chances	100%	16%	31%	50%	69%	84%	93%
Chances	93%	84%	69%	50%	31%	16%	7%

CHANCE FOR PROFIT	96%	BASE BUDGETED NET REVENUE	\$7,561.92
		EXPECTED PROFIT PER HEAD	\$105.03

*PROFIT IS RETURN TO RISK AND ALL "ZERO" ITEMS IN THE BUDGET.
MAY ENTER YOUR OWN VALUES.*