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**Summer Management and Marketing Options for Beef Cattle**

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As summer approaches many producers are considering the various management and marketing options they have. These decisions include forage selection as well as evaluating the potential profitability of summer stockering purchased calves, custom grazing stockers, and having stockers coming off winter pasture custom finished.

The establishment of temporary summer forages (millet, sorghum sudan, etc.) is a popular practice for many Georgia cattlemen. These grasses typically yield more and provide higher quality forage than most permanent pastures. The combination of higher stocking rates and improved performance usually results in a lower cost per pound of gain for stockers and lower carrying costs for cows and replacement heifers.

However, the cost to establish these grasses along with the production uncertainty associated with non-irrigated systems does not make the temporary summer grasses risk free. To help producers examine the relative profitability of establishing temporary summer grasses and also the potential profits from various production scenarios the following issues are examined in this publication:

- Costs to establish temporary summer grazing
- Profit projections for:
  - Summer stockering on irrigated and non-irrigated temporary summer pasture
  - Custom grazing though summer on irrigated and non-irrigated temporary summer pasture
  - Custom finishing

Budgets were developed for each of the scenarios using current prices. They are based on an unscientific sampling of agri-supply dealers and county extension agents in Georgia. For illustration purposes, the budgets presented are for millet grazing. However, producers wishing to graze sorghum sudan, sudangrass, and other summer annuals can easily modify these budgets for their own use.

**AS WITH ANY PRINTED BUDGET, PRODUCERS ARE STRONGLY ENCOURAGED TO SUPPLY AND USE THEIR OWN COST AND SALES FIGURES WHEN APPLICABLE.**

**Temporary Summer Grass Costs**

Many producers use temporary summer grasses for their cow herd or in summer stockering programs. Recent increases in petroleum prices have raised nitrogen prices and thus the per acre cost of establishing temporary summer pasture. Non-irrigated millet costs amount to \$116.07 and irrigated costs total to \$153.67 per acre. As would be expected, nitrogen is the largest expenditure for temporary summer grazing. Thus producers who have access to lower priced fertilizer sources

such as chicken litter can substantially reduce their costs. To give producers an idea of the effects of nitrogen prices on per acre costs sensitivity tables were developed and are presented below.

**Table1**  
**Effects of Nitrogen Prices on Per Acre Temporary Summer Pasture Costs**

Nitrogen Cost \$/Pound	Irrigated \$/Acre Cost	Non-Irrigated \$/Acre Cost
\$0.30	\$146.23	\$108.57
\$0.35	\$153.67	\$116.07
\$0.40	\$161.23	\$123.57
\$0.50	\$176.23	\$138.57
\$0.75	\$213.73	\$176.07

Because summer grasses are used in many different situations, many producers may be interested in actual grazing cost per animal. The two tables presented below show what the actual cost per animal is at various stocking rates. Readers should keep in mind that the numbers are based solely on forage costs and do not include any supplemental feed. It is also important to realize that the higher stocking rates (more than three) for the non-irrigated grass represents a best-case scenario.

**Table 2**  
**Effect of Stocking Rate on Cost Per Animal**  
**Irrigated Temporary Summer Grass**

Nitrogen Cost \$/Pound	Animals Per Acre				
	1.00	2.00	3.00	4.00	5.00
\$0.30	\$146	\$73	\$49	\$37	\$29
\$0.35	\$154	\$77	\$51	\$38	\$31
\$0.40	\$161	\$81	\$54	\$40	\$32
\$0.50	\$176	\$88	\$59	\$44	\$35
\$0.75	\$214	\$107	\$71	\$53	\$43

**Table 3**  
**Effect of Stocking Rate on Cost Per Animal**  
**Non-Irrigated Temporary Summer Grass**

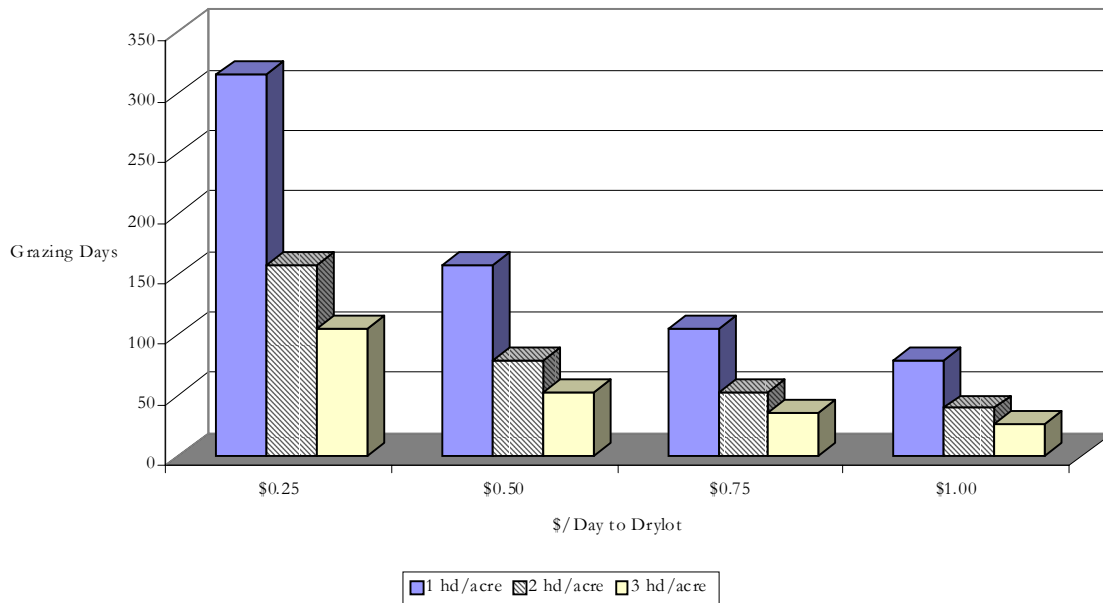
Nitrogen Cost \$/Pound	Animals Per Acre		
	1.00	2.00	3.00
\$0.30	\$109	\$54	\$36
\$0.35	\$116	\$58	\$39
\$0.40	\$124	\$62	\$41
\$0.50	\$139	\$69	\$46
\$0.75	\$176	\$88	\$59

Finally, because of recent droughts, many producers may be concerned about losing the investment of establishment cost due to a failed stand. To illustrate this point, a breakeven analysis

is conducted assuming all costs remain the same except for nitrogen, which has an initial application rate of 50 pounds.

This analysis assumes a total crop failure, thus Figure 1 shows how many days of grazing are necessary to justify planting temporary summer grass versus a program of totally purchased feed. The prices of \$0.25 and \$0.50 represent totally purchased rations for stockers, \$0.75 is for gestating or dry cows, and \$1.00 per day is for lactating cows. Therefore, if it costs \$0.75 per day to dry-lot a cow during the summer, then about 50 days of grazing per acre during the summer would be required at a stocking rate of two cows to the acre. If one can only graze one cow per acre, then almost 100 days or more than three months of grazing per acre would be needed to justify the cost of planting temporary summer grasses.

**Figure 1**  
**Grazing Days Required to Justify Planting Summer Annuals at**  
**Various Rates of Feeding Cost Per Day**



### Summer Stockering and Custom Finishing

At current prices only the irrigated stockering alternatives offer any profit potential. Returns above variable costs, the chances of covering variable expenses, and breakeven sales price per pound are shown in Table 4. Summary budgets for purchased stocker, custom-grazing, and custom finishing are presented in the appendix. Fully detailed budgets available in PDF format are available at [www.ces.uga.edu/agriculture/agecon/printedbudgets.htm](http://www.ces.uga.edu/agriculture/agecon/printedbudgets.htm).

**Table 4**  
**Returns Above Variable Costs, Percent Chance of Covering Variable Costs, and Breakeven Sales Price per Hundredweight For Summer Stocker and Feeder Cattle**

Item	Stockers Irrigated	Stockers Non-Irrigated	Custom Grazing Irrigated	Custom Grazing Non-Irrigated	Custom Finishing 650 Lbs.	Custom Finishing 750 Lbs.
ROVC (per head placed)	\$0.69	(\$7.73)	(\$0.80)	(\$9.17)	(\$34.14)	(\$28.12)
% Chance of Covering VC	51%	46%	50%	24%	32%	36%
Breakeven Sales Price (\$/Cwt.)	\$81.03	\$82.23	\$35.39	\$30.76	\$70.43	\$69.88

ROVC = Returns Above Variable Costs

As is usually the case, the biggest problem is the large negative buy-sell margin (BSM) from spring until late summer/early fall (Figure 2). On average, sales prices for 700-800 pound steers in September will be about 85 percent of the purchase price of 500-600 pound steers in May. For instance, if a 500 pound stocker sells for \$92/Cwt. in April, he can be expected to bring about \$78/Cwt. as a 700 pound feeder in September. Various BSM combinations of weights, purchase months, and sales months are shown below in Table 5.

**Table 5**  
**Buy Sell Margins for Selected Sales Months**  
**Margin Expressed as a Percentage of Purchase Price**

Purchase 500-600# Steer in April	Sell 700-800# Steer		
	Sales Month		
	August	September	October
Average	84.04%	82.10%	75.74%
Best	108.31%	109.37%	101.12%
Worst	68.29%	64.70%	63.70%

Also, average daily gain (ADG) during the stockering period is very important. This is of particular concern during the summer as high temperatures and lack of moisture can significantly reduce forage yields and thus calf gains. Based on the prices and costs assumed in these budgets, calves grazing non-irrigated pastures will need to gain better than 1.57 pounds per day in order to overcome the steep BSM. Calves grazing irrigated pastures will need to gain 1.5 pounds per day in order to break even. Both of these calculated ADGs assume stocking rates of three head per acre on non-irrigated and five head per acre on the irrigated pastures. Producers with stocking rates less than these will have to have higher ADGs in order to make a profit.

Custom finishing does not appear to be very attractive currently because of the relatively high price of feeder cattle relative to live cattle futures. Furthermore, uncertainty in the grain market will make cost management very important this summer.

Readers should keep in mind that these finished cattle prices are based on live cattle futures and expected basis. Producers with cattle that will produce choice or better carcasses and yield grade 3 or better stand an improved chance of making a profit because of the wide choice-select spread that usually occurs in the fall.

### **Summary**

Producers examining their management and marketing options have several options available to them. Summer annual grasses can be an attractive forage alternative with adequate rainfall or in an irrigated situation.

At current prices only stockering in an irrigated system seems to offer any profit potential. The current prospects for stockering in a non-irrigated system or custom finishing cattle do not appear very bright.

### **Additional References**

Pastures in Georgia –B 73

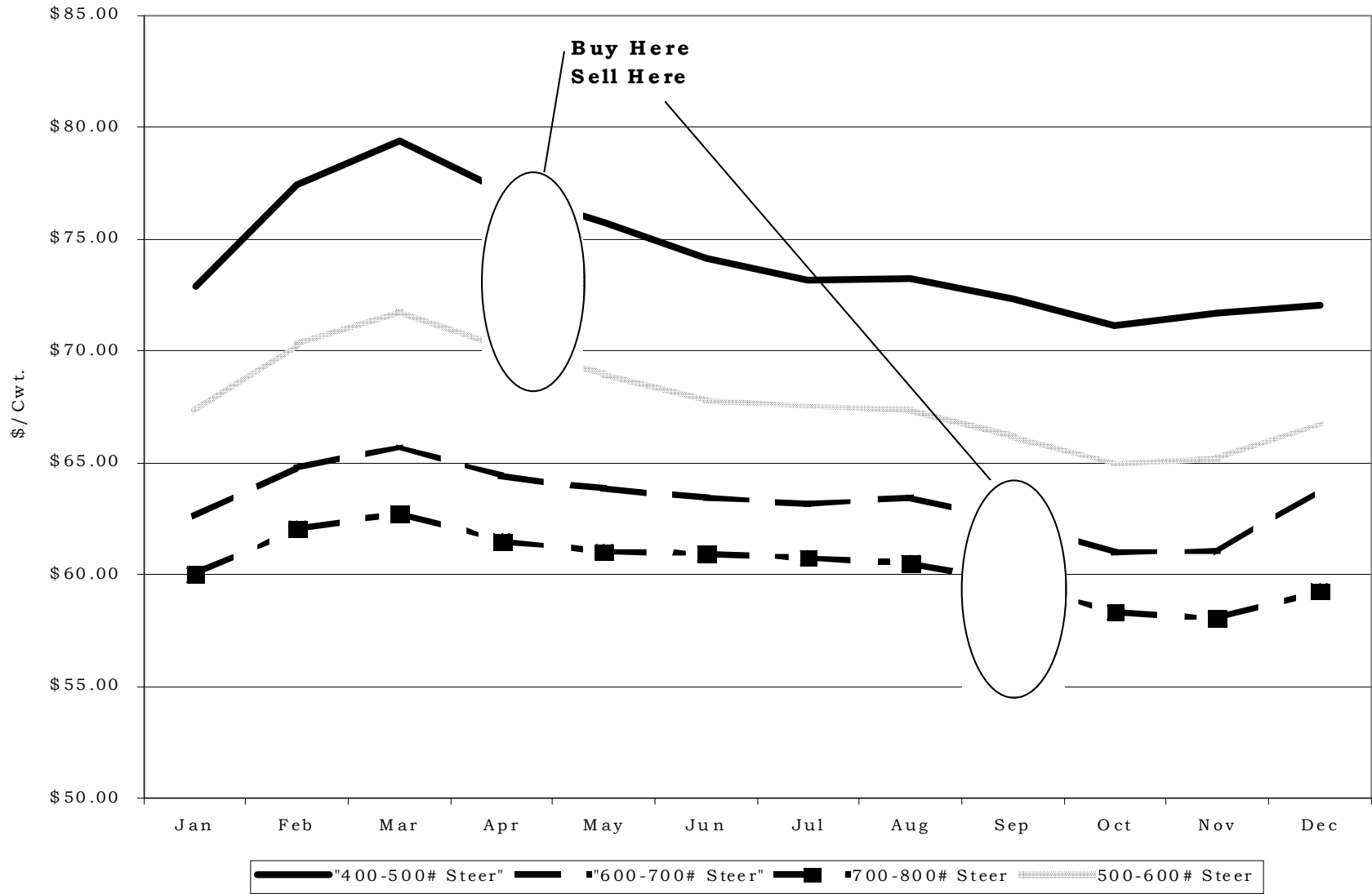
Beef Cattle Buy/Sell Margins Calculator available at

<http://www.ces.uga.edu/Agriculture/agecon/cmpdec.htm>

Summer forage and stockering budgets available at

<http://www.ces.uga.edu/Agriculture/agecon/printedbudgets.htm>

**Figure 2**  
**Seasonal Prices for Georgia Steers**  
**1973-2001**



## **Appendix**

### **Summary Budgets for:**

1. Irrigated and Non-Irrigated Millet
2. Purchased stockers on irrigated and non-irrigated Millet
3. Custom grazing stockers on irrigated and non-irrigated Millet
4. Custom finishing 650 pound steers
5. Custom finishing 750 pound steers



**Temporary Summer Grazing - Non-Irrigated  
Variable Cost Budget**

<b>Assumptions</b>	
NUMBER OF ACRES	150.00
Planting Date	05/01/03
Final Grazing Date	09/15/03
Days interest is charged	137.00

Item	Unit	Units/Acre	\$/Unit Cost	\$/ Acre	Total Amount	Your Farm
<b>VARIABLE COSTS:</b>						
MILLET SEED	LBS.	20.00	\$0.50	\$10.00	\$1,500.00	
FERTILIZER						
NITROGEN	LBS.	150.00	\$0.35	\$52.50	\$7,875.00	
PHOSPHATE (P2 O5)	LBS.	60.00	\$0.25	\$15.00	\$2,250.00	
POTASH (K2 O)	LBS.	60.00	\$0.15	\$9.00	\$1,350.00	
LIME	TONS	0.25	\$24.00	\$6.00	\$900.00	
2,4-D	PINT	1.50	\$2.00	\$3.00	\$450.00	
LORSBAN 4E	PINT	1.50	\$3.50	\$5.25	\$787.50	
DISK , PLANT,SPRAY REPAIR	ACRE	1.00	\$3.53	\$3.53	\$529.50	
DISK, PLANT,SPRAY FUEL, LUB. ETC.	ACRE	1.00	\$1.20	\$1.20	\$180.00	
IRRIGATION	ACRE INCHES	0.00	\$6.28	\$0.00	\$0.00	
LAND RENTAL	ACRE	1.00	0	\$0.00	\$0.00	
LABOR	HRS.	1.50	7	\$10.50	\$1,575.00	
INTEREST ON OP. CAP.	\$		17,397	9.00%	\$13.50	
<b>TOTAL VARIABLE COST</b>				<b>\$116.07</b>	<b>\$17,411</b>	

**Note: The mention of trade names is for illustrative purposes only and does not constitute a recommendation by UGA**

**Stockering on Temporary Summer Grazing  
Variable Cost Budget  
Irrigated**

Assumptions Section	
NUMBER OF ACRES	100.00
STOCKING RATE (HEAD/ACRE)	5.00
NUMBER OF CALVES Placed	500
DEATH LOSS (%)	1.00%
NUMBER OF CALVES Sold	495
In Date	05/01/03
Out Date	09/15/03
FEEDING PERIOD (DAYS)	137.00
MARKETING SHRINK(%)	3.00

	BEST	OPT.	MEDIAN	PESS.	WORST
PAYWEIGHT TO PAYWEIGHT	2.00	1.75	1.50	1.25	1.00
DAILY GAIN (LBS./DAY)					
NET SELLING WEIGHT (CWT.)	7.74	7.40	7.06	6.71	6.37
SELLING PRICE (\$/CWT.)	\$104.57	\$91.58	\$78.60	\$73.28	\$67.97

ITEM	UNIT	UNITS	TOTAL	UNIT	TOTAL	\$/Calf Marketed
		PER HD.	QUANTITY (units)	PRICE (\$/unit)	AMOUNT	
VARIABLE COSTS:						
CALF	CWT.	5.00	2,500	\$92.00	\$230,000	\$464.65
PROCUREMENT COST	HEAD	1.00	500	\$0.00	\$0	\$0.00
MILLET GRAZING	ACRE	0.20	100	\$153.67	\$15,367	\$31.04
HAY	TON	0.10	50	\$55.00	\$2,750	\$5.56
RECEIVING RATION	CWT.	1.50	750	\$12.00	\$9,000	\$18.18
MINERALS	LBS.	21.41	10,703	\$0.15	\$1,605	\$3.24
MEDICATION,WORM,VAC.	HEAD	1.00	500	\$7.07	\$3,535	\$7.14
GROW.STIMULANT	IMPLANT	1.00	500	\$1.00	\$500	\$1.01
REPAIRS	HEAD	1.00	500	\$0.21	\$105	\$0.21
LAND RENTAL	ACRE	0.20	100	\$0.00	\$0	\$0.00
LABOR	HRS.	1.00	500	\$6.00	\$3,000	\$6.06
DEATH LOSS	\$		230,000	1.00%	\$2,300	\$4.65
INTEREST ON OP. CAP.	\$		268,162	9.00%	\$9,059	\$18.30
AUCTION AND HAULING	HEAD	1.00	500	\$11.50	\$5,750	\$11.62
<b>TOTAL VARIABLE COST</b>					<b>\$282,971</b>	<b>\$571.66</b>

No Fixed Costs for Variable Cost Budget

**COST OF GAIN SUMMARY AND MAX. BREAKEVEN CALF PRICE**

FEED ONLY COST OF GAIN (\$/CWT.)	\$28.95
FEEDING COST OF GAIN (\$/CWT.)	\$53.39
TOTAL COST OF GAIN (\$/CWT.)	\$53.39
MAX. BREAKEVEN PURCHASE PRICE OF CALF	\$92.14

**EXPECTED BREAKEVEN TABLE**

ITEM	TOTAL AMOUNT	\$/ CWT.	\$/HD.
VARIABLE COST	\$282,971	\$81.03	\$571.66
DIRECT FIXED COST	\$0	\$0.00	\$0.00
MACH. FIXED COST	\$0	\$0.00	\$0.00
OVERHEAD	\$0	\$0.00	\$0.00
MANAGEMENT	\$0	\$0.00	\$0.00
LAND	\$0	\$0.00	\$0.00
<b>TOTAL COST</b>	<b>\$282,971</b>	<b>\$81.03</b>	<b>\$571.66</b>

**EXPECTED RETURN TABLE**  
500 head sold

<b>EXP. WEIGHT</b> (cwt./hd.)	<b>TOTAL WEIGHT</b> (cwt.)	<b>EXP. PRICE</b> (\$/cwt.)	<b>TOTAL RETURN</b>
7.06	3492.23	\$81.13	\$283,316

**RISK RATED RETURNS OVER VARIABLE 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	\$62,269	\$42,582	\$22,894	\$3,207	-\$12,351	-\$27,908	-\$43,465
Chances	8%	16%	28%	47%	66%	84%	95%
Chances	92%	84%	72%	53%	34%	16%	5%

<b>CHANCE FOR PROFIT</b>	<b>51%</b>	<b>BASE BUDGETED NET REVENUE</b>	<b>\$345</b>
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**Stockering on Temporary Summer Grazing  
Variable Cost Budget  
Non-Irrigated**

Assumptions Section	
NUMBER OF ACRES	100.00
STOCKING RATE (HEAD/ACRE)	3.00
NUMBER OF CALVES Placed	300
DEATH LOSS (%)	1.00%
NUMBER OF CALVES Sold	297
In Date	05/01/03
Out Date	09/15/03
FEEDING PERIOD (DAYS)	137.00
MARKETING SHRINK(%)	3.00

	BEST	OPT.	MEDIAN	PESS.	WORST
PAYWEIGHT TO PAYWEIGHT	2.00	1.75	1.50	1.25	1.00
DAILY GAIN (LBS./DAY)					
NET SELLING WEIGHT (CWT.)	7.74	7.40	7.06	6.71	6.37
SELLING PRICE (\$/CWT.)	\$104.57	\$91.58	\$78.60	\$73.28	\$67.97

ITEM	UNIT	UNITS	TOTAL	UNIT	TOTAL	\$/Calf Marketed
		PER HD.	QUANTITY (units)	PRICE (\$/unit)	AMOUNT	
VARIABLE COSTS:						
CALF	CWT.	5.00	1,500	\$92.00	\$138,000	\$464.65
PROCUREMENT COST	HEAD	1.00	300	\$0.00	\$0	\$0.00
MILLET GRAZING	ACRE	0.33	100	\$116.07	\$11,607	\$39.08
HAY	TON	0.10	30	\$55.00	\$1,650	\$5.56
RECEIVING RATION	CWT.	1.50	450	\$12.00	\$5,400	\$18.18
MINERALS	LBS.	21.41	6,422	\$0.15	\$963	\$3.24
MEDICATION,WORM,VAC.	HEAD	1.00	300	\$7.12	\$2,135	\$7.19
GROW.STIMULANT	IMPLANT	1.00	300	\$1.00	\$300	\$1.01
REPAIRS	HEAD	1.00	300	\$0.35	\$105	\$0.35
LAND RENTAL	ACRE	0.33	100	\$0.00	\$0	\$0.00
LABOR	HRS.	1.00	300	\$6.00	\$1,800	\$6.06
DEATH LOSS	\$		138,000	1.00%	\$1,380	\$4.65
INTEREST ON OP. CAP.	\$		163,341	9.00%	\$5,518	\$18.58
AUCTION AND HAULING	HEAD	1.00	300	\$11.50	\$3,450	\$11.62
<b>TOTAL VARIABLE COST</b>					<b>\$172,308</b>	<b>\$580.16</b>

No Fixed Costs for Variable Cost Budget

**COST OF GAIN SUMMARY AND MAX. BREAKEVEN CALF PRICE**

FEED ONLY COST OF GAIN (\$/CWT.)	\$32.96
FEEDING COST OF GAIN (\$/CWT.)	\$57.63
TOTAL COST OF GAIN (\$/CWT.)	\$57.63
MAX. BREAKEVEN PURCHASE PRICE OF CALF	\$90.45

**EXPECTED BREAKEVEN TABLE**

ITEM	TOTAL AMOUNT	\$/ CWT.	\$/HD.
VARIABLE COST	\$172,308	\$82.23	\$580.16
DIRECT FIXED COST	\$0	\$0.00	\$0.00
MACH. FIXED COST	\$0	\$0.00	\$0.00
OVERHEAD	\$0	\$0.00	\$0.00
MANAGEMENT	\$0	\$0.00	\$0.00
LAND	\$0	\$0.00	\$0.00
<b>TOTAL COST</b>	<b>\$172,308</b>	<b>\$82.23</b>	<b>\$580.16</b>

**EXPECTED RETURN TABLE**

300 head sold

<b>EXP. WEIGHT</b> (cwt./hd.)	<b>TOTAL WEIGHT</b> (cwt.)	<b>EXP. PRICE</b> (\$/cwt.)	<b>TOTAL RETURN</b>
7.06	2095.34	\$81.13	\$169,990

**RISK RATED RETURNS OVER VARIABLE 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	\$34,836	\$23,023	\$11,211	-\$602	-\$9,936	-\$19,271
Chances	8%	16%	28%	47%	66%	84%
Chances	92%	84%	72%	53%	34%	16%

<b>CHANCE FOR PROFIT</b>	<b>46%</b>	<b>BASE BUDGETED NET REVENUE</b>	<b>-\$2,319</b>
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**Custom Stockering on Temporary Summer Grazing  
Variable Cost Budget  
Irrigated**

Assumptions Section	
NUMBER OF ACRES	100.00
STOCKING RATE (HEAD/ACRE)	5.00
NUMBER OF CALVES Placed	500
DEATH LOSS (%)	1.00%
NUMBER OF CALVES Sold	495
In Date	05/01/03
Out Date	09/15/03
FEEDING PERIOD (DAYS)	137.00
MARKETING SHRINK(%)	3.00

	BEST	OPT.	MEDIAN	PESS.	WORST
PAYWEIGHT TO PAYWEIGHT	2.00	1.75	1.50	1.25	1.00
DAILY GAIN (LBS./DAY)					
Net Gain Per Head Adjusted for Death Loss	2.74	2.40	2.06	1.71	1.37
Payment Rate (\$/CWT.)	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00

ITEM	UNIT	UNITS	TOTAL	UNIT	TOTAL	\$/Calf Marketed
		PER HD.	QUANTITY	PRICE	AMOUNT	
VARIABLE COSTS:			(units)	(\$/unit)		
CALF	CWT.	5.00	2,500	\$0.00	\$0	\$0.00
PROCUREMENT COST	HEAD	1.00	500	\$0.00	\$0	\$0.00
MILLET GRAZING	ACRE	0.20	100	\$153.67	\$15,367	\$31.04
HAY	TON	0.10	50	\$55.00	\$2,750	\$5.56
RECEIVING RATION	CWT.	1.50	750	\$12.00	\$9,000	\$18.18
MINERALS	LBS.	21.41	10,703	\$0.15	\$1,605	\$3.24
MEDICATION, WORM, VAC.	HEAD	1.00	500	\$4.00	\$2,000	\$4.04
GROW. STIMULANT	IMPLANT	1.00	500	\$1.00	\$500	\$1.01
REPAIRS	HEAD	1.00	500	\$0.21	\$105	\$0.21
LAND RENTAL	ACRE	0.20	100	\$0.00	\$0	\$0.00
LABOR	HRS.	1.00	500	\$7.00	\$3,500	\$7.07
DEATH LOSS	\$		0	1.00%	\$0	\$0.00
INTEREST ON OP. CAP.	\$		34,827	9.00%	\$1,176	\$2.38
AUCTION AND HAULING	HEAD	1.00	500	\$0.00	\$0	\$0.00

<b>TOTAL VARIABLE COST</b>	<b>\$36,004</b>	<b>\$72.74</b>
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**No Fixed Costs for Variable Cost Budget**

**COST OF GAIN SUMMARY AND MAX. BREAKEVEN CALF PRICE**

	\$/CWT.
FEED ONLY COST OF GAIN (\$/CWT.)	\$28.24
FEEDING COST OF GAIN (\$/CWT.)	\$35.39
TOTAL COST OF GAIN (\$/CWT.)	\$35.39

**EXPECTED BREAKEVEN TABLE**

ITEM	TOTAL AMOUNT	\$/ CWT.	\$/HD.
VARIABLE COST	\$36,004	\$35.39	\$72.74
DIRECT FIXED COST	\$0	\$0.00	\$0.00
MACH. FIXED COST	\$0	\$0.00	\$0.00
OVERHEAD	\$0	\$0.00	\$0.00
MANAGEMENT	\$0	\$0.00	\$0.00
LAND	\$0	\$0.00	\$0.00
<b>TOTAL COST</b>	<b>\$36,004</b>	<b>\$35.39</b>	<b>\$72.74</b>

**EXPECTED RETURN TABLE**

495 head sold

EXP. WEIGHT	TOTAL WEIGHT	EXP. PRICE	TOTAL RETURN
(cwt./hd.)	(cwt.)	(\$/cwt.)	
2.06	1017.23	\$35.00	\$35,603

**RISK RATED RETURNS OVER VARIABLE 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	\$8,949	\$5,952	\$2,955	-\$41	-\$3,038	-\$6,035	-\$9,032
Chances	7%	16%	31%	50%	69%	84%	93%
Chances	93%	84%	69%	50%	31%	16%	7%

**CHANCE FOR PROFIT**

**50%**

**BASE BUDGETED NET REVENUE**

**-\$401**

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

**Custom Stockering on Temporary Summer Grazing  
Variable Cost Budget  
Non-Irrigated**

Assumptions Section	
NUMBER OF ACRES	100.00
STOCKING RATE (HEAD/ACRE)	3.00
NUMBER OF CALVES Placed	300
DEATH LOSS (%)	1.00%
NUMBER OF CALVES Sold	297
In Date	05/01/03
Out Date	09/15/03
FEEDING PERIOD (DAYS)	137.00
MARKETING SHRINK(%)	3.00

	BEST	OPT.	MEDIAN	PESS.	WORST
PAYWEIGHT TO PAYWEIGHT	2.00	1.75	1.50	1.25	1.00
DAILY GAIN (LBS./DAY)					
Net Gain Per Head Adjusted for Death Loss	2.74	2.40	2.06	1.71	1.37
Payment Rate (\$/CWT.)	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00

ITEM	UNIT	UNITS	TOTAL	UNIT	TOTAL	\$/Calf Marketed
		PER HD.	QUANTITY (units)	PRICE (\$/unit)	AMOUNT	
VARIABLE COSTS:						
CALF	CWT.	5.00	1,500	\$0.00	\$0	\$0.00
PROCUREMENT COST	HEAD	1.00	300	\$0.00	\$0	\$0.00
MILLET GRAZING	ACRE	0.33	100	\$116.07	\$11,607	\$39.08
HAY	TON	0.10	30	\$55.00	\$1,650	\$5.56
RECEIVING RATION	CWT.	1.50	450	\$12.00	\$5,400	\$18.18
MINERALS	LBS.	21.41	6,422	\$0.15	\$963	\$3.24
MEDICATION, WORM, VAC.	HEAD	1.00	300	\$4.00	\$1,200	\$4.04
GROW. STIMULANT	IMPLANT	1.00	300	\$1.00	\$300	\$1.01
REPAIRS	HEAD	1.00	300	\$0.35	\$105	\$0.35
LAND RENTAL	ACRE	0.33	100	\$0.00	\$0	\$0.00
LABOR	HRS.	1.00	300	\$7.00	\$2,100	\$7.07
DEATH LOSS	\$		0	1.00%	\$0	\$0.00
INTEREST ON OP. CAP.	\$		23,326	9.00%	\$788	\$2.65
AUCTION AND HAULING	HEAD	1.00	300	\$0.00	\$0	\$0.00

<b>TOTAL VARIABLE COST</b>	<b>\$24,114</b>	<b>\$81.19</b>
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**No Fixed Costs for Variable Cost Budget**

**COST OF GAIN SUMMARY AND MAX. BREAKEVEN CALF PRICE**

	\$/CWT.
FEED ONLY COST OF GAIN (\$/CWT.)	\$32.15
FEEDING COST OF GAIN (\$/CWT.)	\$39.51
TOTAL COST OF GAIN (\$/CWT.)	\$39.51

**EXPECTED BREAKEVEN TABLE**

ITEM	TOTAL AMOUNT	\$/ CWT.	\$/HD.
VARIABLE COST	\$24,114	\$39.51	\$81.19
DIRECT FIXED COST	\$0	\$0.00	\$0.00
MACH. FIXED COST	\$0	\$0.00	\$0.00
OVERHEAD	\$0	\$0.00	\$0.00
MANAGEMENT	\$0	\$0.00	\$0.00
LAND	\$0	\$0.00	\$0.00
<b>TOTAL COST</b>	<b>\$24,114</b>	<b>\$39.51</b>	<b>\$81.19</b>

**EXPECTED RETURN TABLE**

297 head sold

EXP. WEIGHT	TOTAL WEIGHT	EXP. PRICE	TOTAL RETURN
(cwt./hd.)	(cwt.)	(\$/cwt.)	
2.06	610.34	\$35.00	\$21,362

**RISK RATED RETURNS OVER VARIABLE 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	\$2,858	\$1,060	-\$738	-\$2,536	-\$4,334	-\$6,132
Chances	7%	16%	31%	50%	69%	84%
Chances	93%	84%	69%	50%	31%	16%

<b>CHANCE FOR PROFIT</b>	<b>24%</b>	<b>BASE BUDGETED NET REVENUE</b>	<b>-\$2,752</b>
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PROFIT IS RETURN TO RISK AND ALL "ZERO" ITEMS IN THE BUDGET.  
MAY ENTER YOUR OWN VALUES.

**CUSTOM CATTLE FINISHING  
(Variable Cost Budget)**

Placement Date	04/20/03
NUMBER HEAD PLACED	200
DEATH LOSS (%)	1.00%
NUMBER HEAD FINISHED	198
LB. OF FEED FED PER LB. NET GAIN (AS FED BASIS)	9.20
MARKETING SHRINK(%)	4.00
GROSS FINISHED WEIGHT (CWT.)	11.75
NET SELLING WEIGHT (CWT.)	11.28
FEEDING PERIOD (DAYS)	168
Projected Out Date	10/04/03
Current Live Cattle Futures for: <b>Oct-03</b>	\$70.00
Expected Basis	(\$2.00)
Expected Cash Price	\$68.00

PAYWEIGHT TO PAYWEIGHT- DAILY GAIN (LBS./DAY)	<b>BEST</b>	<b>OPT.</b>	<b>MEDIAN</b>	<b>PESS.</b>	<b>WORST</b>
	3.25	3.05	2.85	2.65	2.45
SELLING PRICE (\$/CWT.)	\$78.00	\$73.00	\$68.00	\$63.00	\$58.00

ITEM	UNIT	UNITS PER COW	TOTAL QUANTITY	UNIT PRICE	TOTAL AMOUNT
VARIABLE COSTS:			(units)	(\$/unit)	
CALF	CWT.	6.50	1300.00	\$75.00	\$97,500
PROCUREMENT COST	HEAD	0.00	0.00	\$0.00	\$0
TRANSPORTATION	CWT.	6.50	1300.00	\$6.00	\$7,800
PROCESSING CHARGE	HD.	1.00	200.00	\$0.00	\$0
CALF INTEREST	\$	526.50	105,300	\$0.06	\$2,903
FEED	TONS	2.20	439.76	\$80.00	\$35,181
FEED MARKUP	TONS	2.20	439.76	\$0.00	\$0
YARDAGE	DAYS	168	33,544	\$0.27	\$9,057
VET.,MED. & SUPPLIES	HEAD	1.00	200	\$15.00	\$3,000
OTHER	HEAD	1.00	200	\$0.00	\$0
DEATH LOSS	\$	526.50	105,300	1.00%	\$1,053
INTEREST ON FEED ETC.	\$	241.45	48,291	\$0.08	\$888
MARKETING	HEAD	1.00	200	\$6.60	\$1,320
<b>TOTAL VARIABLE COST</b>					<b>\$158,701</b>

COST SUMMARY:	\$/CWT
FEED ONLY COST OF GAIN (\$/CWT)	\$37.69
FEEDING COST OF GAIN (\$/CWT)	\$52.68
TOTAL COST OF GAIN (\$/CWT)	\$65.57

<b>MAX BREAKEVEN PURCHASE PRICE OF CALF (\$/CWT)</b>	<b>\$69.75</b>
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**BREAKEVEN TABLE**

<b>ITEM</b>	<b>BASE BUDGETED TOTAL</b>	<b>EXPECTED TOTAL</b>	<b>EXP. \$/CWT.</b>	<b>EXP. \$/HD.</b>
VARIABLE COST	\$158,701	\$158,892	70.43	794.46
DIRECT FIXED COST	\$0	\$0	0.00	0.00
OVERHEAD	\$0	\$0	0.00	0.00
MANAGEMENT	\$0	\$0	0.00	0.00
<b>TOTAL COST</b>	<b>\$158,701</b>	<b>\$158,892</b>	<b>70.43</b>	<b>794.46</b>

**EXPECTED RETURN TABLE**

200 head sold (death loss in cost)

<b>EXP. WEIGHT</b> (cwt./hd.)	<b>TOTAL WEIGHT</b> <b>Cwt.</b>	<b>EXP.PRICE</b> (\$/cwt.)	<b>TOTAL RETURN</b> (\$)
11.28	2233.44	68.00	151,874

**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	12,076	6,222	369	-5,484	-11,376	-17,267	-23,159
Chances	100%	16%	31%	50%	69%	84%	93%
Chances	93%	84%	69%	50%	31%	16%	7%
<b>CHANCE FOR PROFIT</b>		<b>32%</b>		<b>BASE BUDGETED NET REVENUE</b>			<b>-6,827</b>

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

**CUSTOM CATTLE FINISHING  
(Variable Cost Budget)**

Placement Date	04/20/03
NUMBER HEAD PLACED	200
DEATH LOSS (%)	1.00%
NUMBER HEAD FINISHED	198
LB. OF FEED FED PER LB. NET GAIN (AS FED BASIS)	9.20
MARKETING SHRINK(%)	4.00
GROSS FINISHED WEIGHT (CWT.)	11.75
NET SELLING WEIGHT (CWT.)	11.28
FEEDING PERIOD (DAYS)	133
Projected Out Date	08/30/03
Current Live Cattle Futures for: <b>Oct-03</b>	\$70.00
Expected Basis	(\$2.00)
Expected Cash Price	\$68.00

PAYWEIGHT TO PAYWEIGHT- DAILY GAIN (LBS./DAY)	<b>BEST</b>	<b>OPT.</b>	<b>MEDIAN</b>	<b>PESS.</b>	<b>WORST</b>
	3.25	3.05	2.85	2.65	2.45
SELLING PRICE (\$/CWT.)	\$78.00	\$73.00	\$68.00	\$63.00	\$58.00

ITEM	UNIT	UNITS PER COW	TOTAL QUANTITY	UNIT PRICE	TOTAL AMOUNT
VARIABLE COSTS:			(units)	(\$/unit)	
CALF	CWT.	7.50	1500.00	\$70.00	\$105,000
PROCUREMENT COST	HEAD	0.00	0.00	\$0.00	\$0
TRANSPORTATION	CWT.	7.50	1500.00	\$6.00	\$9,000
PROCESSING CHARGE	HD.	1.00	200.00	\$0.00	\$0
CALF INTEREST	\$	570.00	114,000	\$0.06	\$2,485
FEED	TONS	1.74	347.76	\$80.00	\$27,821
FEED MARKUP	TONS	1.74	347.76	\$0.00	\$0
YARDAGE	DAYS	133	26,526	\$0.27	\$7,162
VET.,MED. & SUPPLIES	HEAD	1.00	200	\$15.00	\$3,000
OTHER	HEAD	1.00	200	\$0.00	\$0
DEATH LOSS	\$	570.00	114,000	1.00%	\$1,140
INTEREST ON FEED ETC.	\$	195.61	39,123	\$0.08	\$569
MARKETING	HEAD	1.00	200	\$6.60	\$1,320
<b>TOTAL VARIABLE COST</b>					<b>\$157,497</b>

COST SUMMARY:	\$/CWT
FEED ONLY COST OF GAIN (\$/CWT)	\$37.93
FEEDING COST OF GAIN (\$/CWT)	\$54.12
TOTAL COST OF GAIN (\$/CWT)	\$71.58

<b>MAX BREAKEVEN PURCHASE PRICE OF CALF (\$/CWT)</b>	<b>\$66.25</b>
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**BREAKEVEN TABLE**

ITEM	BASE BUDGETED TOTAL	EXPECTED TOTAL	EXP. \$/CWT.	EXP. \$/HD.
VARIABLE COST	\$157,497	\$157,646	69.88	788.23
DIRECT FIXED COST	\$0	\$0	0.00	0.00
OVERHEAD	\$0	\$0	0.00	0.00
MANAGEMENT	\$0	\$0	0.00	0.00
<b>TOTAL COST</b>	<b>\$157,497</b>	<b>\$157,646</b>	<b>69.88</b>	<b>788.23</b>

**EXPECTED RETURN TABLE**

200 head sold (death loss in cost)

EXP. WEIGHT (cwt./hd.)	TOTAL WEIGHT Cwt.	EXP.PRICE (\$/cwt.)	TOTAL RETURN (\$)
11.28	2233.44	68.00	151,874

**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	13,079	7,307	1,534	-4,238	-10,035	-15,831	-21,627
Chances	100%	16%	31%	50%	69%	84%	93%
Chances	93%	84%	69%	50%	31%	16%	7%
<b>CHANCE FOR PROFIT</b>	<b>36%</b>	<b>BASE BUDGETED NET REVENUE</b>					<b>-5,623</b>

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