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In The Cattle Markets

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Cost of Wintering Cattle

As we move into the winter feeding months cow calf producers have additional opportunities to impact their bottom line. Winter feeding costs represent the single largest cost to cattlemen, typically representing 55-80% of total costs for their cowherd. This cost is important to consider when making the decision to cull open or unproductive cows or feed them through winter while trying to improve body condition score. Additional consideration should be given to feed resources available and market value for cull cows.

Cow calf producers should consider what their individual feed costs are, along with feed availability. The average cow can eat 2.2% of her bodyweight in dry matter each day over the feeding period. For producers in the Upper Midwest where hay prices are averaging \$65-\$100 per ton and long feeding periods (around 150 days) feed costs can add up quickly. Depending on hay quality, producers may need to add corn or another energy source into the ration along with providing a supplemental mineral.

Individual costs will vary with different management practices depending on labor, yardage, vet fees and ingredients in the ration. Assuming feed costs of \$65/ton for hay, \$2.90/bu corn and an average mineral price of \$.35/lb, total ration costs can average \$1.43/head/day. This feed cost assumes a 1300lb cow eating 2.2% of her body weight in dry matter and a 15% shrink due to hay feeding losses. Assuming an average daily gain of 0.84 pounds over 120 days, the daily feed cost give us a \$1.70/lb of gain. Producers looking to reduce costs should look for strategies to reduce feeding shrink, such as using hay rings or considering a TMR.

When looking at marketing cull cows now or feeding them overwinter and selling them this spring, cow body condition needs to be considered along with feed resources on hand. Thin cows with low body condition scores may be candidates to feed over winter as they have the greatest opportunity for body condition improvement. With thin cows currently selling in the Upper Midwest for \$40/cwt there currently may be revenue opportunities, assuming a producer can increase the cow's body condition score during the winter. If March price is \$56/cwt for an average condition cow (as opposed to the \$40/cwt for the thin cow today), the producer has the opportunity to gain an additional \$250 in revenue by improving the cow's body condition, while the feed costs (assuming the above prices for this gain) are approximately \$153. Note though that no yardage, management fees, vet costs, etc have been included. Also, the risk is whether she gains body condition score. If not, she could possibly receive the same or lower price per cwt. in the spring than she does today.

Cow calf producers looking to cut costs this winter should look for strategies to reduce feed waste and cut feed costs along with looking for marketing opportunities for cull females to

increase revenue. Open or unproductive cows cost producers in the long run if kept in the herd, producers should look at their own costs to see if it benefits them to market their cull cows now or continue to feed them until spring. Individual costs will vary depending on location as well as management practices but opportunities to improve the bottom line may currently exist for this winter's feeding months if appropriately priced hay can be procured.

The Markets

Cattle prices have continued to decline, but are still above the late-summer lows. Look for continued lower cash prices this week. Although live cattle futures will likely continue to decrease due to funds liquidating, the nearby contracts will see less of a decline due to the discount they already hold to cash prices. Wholesale beef prices are providing no support to live cattle prices due to the slight decrease from the previous week.

There is potential for increase cattle prices in the near future. Look for end-of-year beef buys by retailers in the next few weeks. Also, seasonally the number of market-ready animals will decrease until spring.

<i>Data Source: USDA-AMS Market News</i>		Week of 12/8/17	Week of 12/1/17	Week of 12/9/16
5-Area Fed Steer	all grades, live weight, \$/cwt	\$117.46	\$120.58	\$109.52
	all grades, dressed weight, \$/cwt	\$187.06	\$189.91	\$169.92
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$206.87	\$207.08	\$189.85
	Choice-Select Spread, \$/cwt	\$21.65	\$21.45	\$17.60
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$155.31	\$154.29	\$125.52
	Nebraska 7-market, \$/cwt	\$165.75	\$165.81	\$135.45
	Oklahoma 8-market, \$/cwt	\$154.03	\$156.41	\$129.93
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$174.79	\$176.66	\$147.60
	Nebraska 7-market, \$/cwt	\$182.99	\$182.26	\$150.41
	Oklahoma 8-market, \$/cwt	\$167.91	\$168.44	\$146.32
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.22	\$3.17	\$3.23
	DDGS, Nebraska, \$/ton	\$144.00	\$142.00	\$107.50