

Managing Annual Cow Costs



Julie Walker
SDSU Beef Extension

SDSU Extension

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Managing Annual Cow Cost

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Low Cost Producer

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**You Can't Manage
What You Don't Measure**

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Reducing Costs

- Reduce supplemental feed costs
- Rotational grazing (better pasture management)
- Right genetics
- Reduce labor cost
- Strong herd health program

NCA-IRM-SPA Database (1995 NCA Cattlemen's College)

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Feed Costs

Item	Quantity	Price	Cost/Cow	Your Herd
Pasture				
Grazing Lease				
Hay				
Crop Residue				
Supplement				
Salt				
Mineral				
Total Feed Costs				

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Feed Costs

Item	Quantity	Price	Cost/Cow	Your Herd
Pasture				
Land paid		Taxes per acre		

250 cows, 20 acres/year/cow, 7 months pasture,
\$500/acre purchase price, 5% interest rate

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Feed Costs

Item	Quantity	Price	Cost/Cow	Your Herd
Pasture				
Land paid		Taxes per acre		
Rental rate	250	\$25/mo	\$175	\$43,750

250 cows, 20 acres/year/cow, 7 months pasture,
\$500/acre purchase price, 5% interest rate

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Feed Costs

Item	Quantity	Price	Cost/Cow	Your Herd
Pasture				
Land paid		Taxes per acre		
Rental rate	250	\$25/mo	\$175	\$43,750
Rental rate #2	250	\$50/mo	\$380	\$87,500

250 cows, 20 acres/year/cow, 7 months pasture,
\$500/acre purchase price, 5% interest rate

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Feed Costs

Item	Quantity	Price	Cost/Cow	Your Herd
Pasture				
Land paid		Taxes per acre		
Rental rate	250	\$25/mo	\$180	\$37,500
Rental rate #2	250	\$50/mo	\$300	\$75,000
Land payment	250	\$350	\$380	\$87,500

250 cows, 20 acres/year/cow, 7 months pasture,
\$500/acre purchase price, 5% interest rate

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Feed Costs

Item	Quantity	Price	Cost/Cow	Your Herd
Pasture				
Grazing Lease				
Hay				
Crop Residue				
Supplement				
Salt				
Mineral				
Total Feed Costs				

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Reproductive Costs

Item	Quantity	Price	Cost/Cow	Your Herd
Artificial Insemination	100	\$ 50	\$20	\$5,000
Breeding Bull(s)			??	
Total Reproductive Costs				
Purchase price			\$4,000	
Salvage value			-\$1,000	
Yearly bull cost (\$400 * 4 years)			\$1,600	
10% risk (based on purchase price)			\$ 400	
Interest (\$4,000 * 5% * 4 years)			<u>\$ 800</u>	
Total			\$5,800	

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Bull Cost Per Cow Based on Varying Bull Purchase Prices and Bull-to-Cow Ratios

Bull Purchase Price	Total Bull Cost (4 yrs)	Bull-to-Cow Ratio		
		1:20	1:30	1:40
		--- Bull Cost Per Cow ---		
\$2,000	\$3,200	\$44.44	\$29.63	\$22.22
\$3,000	\$4,500	\$62.50	\$41.67	\$31.25
\$4,000	\$5,800	\$80.56	\$53.70	\$40.28
\$5,000	\$7,100	\$98.61	\$65.74	\$49.31

Assumes \$1,000 salvage value, \$400/yr bull cost, 10% risk (based on purchase price), 5% interest for 4 years. Assumes bulls is used for 4 years; 90% conception rate each year.

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Replacement Costs

Item	Quantity	Price	Cost/Cow	Your Herd
Breeding Bull(s)				
Replacement Heifers (20%)	50	963	\$192.60	\$48,150
Replacement Cows				
Total Replacement Costs				

250 cows
Replacement Heifers (550 lbs * 1.75/lb = \$963)

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Replacement Costs

Item	Quantity	Price	Cost/Cow	Your Herd
Breeding Bull(s)				
Replacement Heifers (20%)	50	963	\$192.60	\$48,150
Replacement Heifers (15%)	38	963	\$146.38	\$36,594
Replacement Cows				
Total Replacement Costs				

250 cows
Replacement Heifers (550 lbs * 1.75/lb = \$963)

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Animal Health Costs

Item	Quantity	Price	Cost/Cow	Your Herd
Animal Health				
Veterinarian Service				
Medication & Supplies				
Vaccinations				
Bull Testing & Vaccines				
Total Animal Health				

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Animal Health Costs

Item	Quantity	Price	Cost/Cow	Your Herd
Animal Health				
Veterinarian Service				
Medication & Supplies				
Vaccinations				
Bull Testing & Vaccines				
Total Animal Health				

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Animal Health Costs

Item	Quantity	Price	Cost/Cow	Your Herd
Animal Health				
Veterinarian Service				
Medication & Supplies				
Vaccinations				
Bull Testing & Vaccines				
Total Animal Health				

Veterinarian - Client Relationship

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Labor Costs

Item	Quantity	Price	Cost/Cow	Your Herd
Labor				
Custom Labor				
Hired Labor				
Total Labor Costs				

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Other Direct Costs

Item	Quantity	Price	Cost/Cow	Your Herd
Other Direct Costs				
Fuel & Oil				
Repairs				
Marketing				
Transportation				
Total Other Direct Costs				

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Overhead Costs

Item	Quantity	Price	Cost/Cow	Your Herd
Facility Maintenance				
Interest				
Utilities				
Depreciation				
Property Taxes				
Ranch Insurance				
Miscellaneous				
Total Overhead Costs				

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Cull Credits

Item	Quantity	Price	Cost/Cow	Your Herd
Cull Credits				
Cull Cows				
Cull Heifers				
Cull Bulls				
Total Cull Credit				

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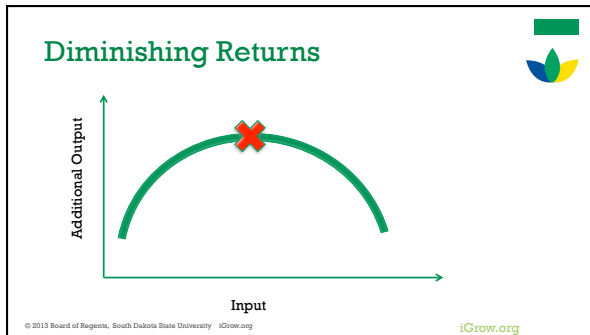
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Cow Cost Resources

- <http://www.sdstate.edu/econ/extension/index.cfm>
- <http://www.coopext.colostate.edu/ABM/cowcalfbudget.pdf>
- <http://www.wyomingextension.org/agpubs/pubs/B1217.pdf>
- <http://beef.unl.edu/cowcosts2013>

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Marketing – Marketing & more Marketing

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

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- ### Do you know more than the buyer?
- Feedlot performance
 - Carcass characteristics
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Item	Animal #1	Animal #2
Live wt.	1380 lb	1045 lb
Dressing Percent	64%	59.3%
Hot Carcass Wt	864 lb	620 lb
Back Fat	0.30 in	0.45 in
Ribeye Area	16.2 sq. in.	10.1 sq. in.
KPH	2.5%	2.5%
Yield Grade	2.0	3.3
Maturity	A	A60
Marbling Score	Slight 60	Abundant 20
Quality Grade	High Select	Prime Ave



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Profit

Profit = Income - Expenses

State, Year	Profit
SD 1993	\$104.00
WY 2010	-\$168.46
SD 2011	\$88.34
SD 2012	-\$27.05

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- ### Key Factors Affecting Cattle Production
- Weather
 - Land values
 - Ethanol
 - Alternative land values
 - Urban sprawl
 - Government policy
 - Age of the producer
 - Profit/loss margin
- Cattle-Fax
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