

# Weekly Article

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## Have you Looked at Your Cow/ Calf Budget?

Hello, my Name is Richard Purdin with OSU Extension, Ag and Natural Resource Educator and Community Development Educator for Adams County. I hope to better inform local producers and the public of the latest news in the world of agriculture. November has officially begun, and with it came some much-needed moisture. Even though most of the county received less than .5 inches and most averaged about .25 inches. Warmer air also came with the moisture and looking at the beginning at forecast models, November might be slightly warmer than the beginning of October. Corn and Soybean harvest continues on, but many fields have been gleaned. As I make my rounds across the county, I am amazed by how much crop harvest progress has been made. I estimate that at least 80-85% of the soybeans have been harvested and 60% of the corn has been harvested. Winter wheat emergence has still been delayed, but with a little moisture field will soon turn green! The drier weather has also delayed the emergence of winter annual weeds. I have taken notice that chickweed and henbit emergence has been slow but some marestail are starting to creep into many fields. Fall is a great time to get control of these winter annual weeds with an herbicide application of 2-4-D and glyphosate. Grain shipping conditions are starting to become an issue with very low river water levels preventing barges from being loaded to capacity. Shipping issues are starting to arise in fertilizer with potential Phosphate and potash shortages in the future. Hold on that is not the end of challenges farmers are facing. Livestock farmers are facing very low forage quantity and potentially quality as well. Many beef cow producers have been feeding hay for a month or more as pastures are depleted by the dry weather. Some concern about running out of stored hay by spring and rising hay cost has been on many producers minds these days. Today I would like to discuss some ideas for building a budget for your cow/calf operation.

It is estimated that feed cost for a cow/calve operation can consume 60%+ of a livestock managers production budget and it is important to know exactly how much feed your animals are consuming to prevent waist and plan for future purchase of feed stuffs. Some key factors that make a cow/calf operation budget include.

1. Head count - This includes mature productive mother cows and bull.
2. Potential revenue – this includes weaned steer calves, weaned heifer calves, and cull cows.
3. Price discovery- if you have not sold your feeder calves yet this is a good time to look at different market avenues. Markets could include stockyards or local feedlot or backgrounding operation. Don't feel locked into selling only to the closest stockyards, do some research before selling. Estimation of animal weights should be done at this time as well.
4. Feed cost- Feed cost for cow/calf operations include pasture, potential cover crops, stored hay, supplemental grain, and minerals. I often get asked how to determine a cost of pasture? The simplest way is to price your pasture based on current and local pasture rental rates per acre for example let's say pasture rental rates include \$30 acre and you

have 25 cows and 1 bull grazing 60 acres of pasture =  $\$30 \times 60 \text{ ac} =$  your total pasture cost is \$1800 or \$69.23/head. Other methods of using property tax values + upkeep charges can also be used in this situation.

5. Non-Feed cost- Non feed cost includes vet fees, marketing fees (commission) bull rental, AI fees, hired labor, and interest charges.
6. Overhead cost- overhead cost include replacement heifer cost, cow depreciation, machinery and facility cost, utilities, fuel, taxes, and farm insurance.

From my farm to yours- Every operation is going to have different budget but just as a starting reference and mind stimulant here is a budget I developed.

20 head of cows 1 bull, 15 head of steer calve (550lbs) and 3 Heifer calves (500lbs) 2 cull cows and 5 replacement heifers. Total gross Income potential = 15 steers x \$1.65/lb = 13,612 + 3 heifers x \$1.40/lb = \$2,100 + 2 cull cows 1300lbs x .70/lb = \$1,820 = Total **17,532.50**. Feed cost = 65 acres of pasture x \$30/ac cash rent value = \$1,950 hay feed cost (current market value = \$11,552.40 + supplemental feed and mineral = **\$16,069** At his point my break-even price I need to receive for my feeder calves +\$1.46/lb. Non feed cost include vet/medication fees = 2,018/ year, Marketing = \$300/year, labor charge = \$3000/year, and interest cost = \$3,350/year = total = **\$8,868**. Total overhead cost includes machinery, cost of cow depreciation, utilities, fuel, taxes, and insurance= **\$12,207**. At the end of the day total cost = \$16,069+\$8,868 + \$12,207 = Total **37,144**

With total value of livestock and sell of market animals this lucky cow calf producer is making a whopping -983.75/head. So, you might be wondering how in the world does cow calf producers do it? Asset values such as land livestock and machinery also need to be factored in, but one thing is for sure margins are tight and knowing your budget is critical in being sustainable. Looking at this young farmer's budget feed cost is a factor that is literally eating the profits!

#### Dates to remember

- NRCS EQIP Cost Share Program sign up deadline is November 14<sup>th</sup> Call (937) 544-2033 to make an appointment.

**Ag Educator Words of encouragement** – “Do what you can with what you have where you are” – **President Theodore Roosevelt**