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BeefTalk: Conservative View of Opportunities Will Minimize Risk, Aid in Production

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When spring comes, all that producers can do is respond--pack away the long underwear, the coats, mud-laden boots and other accessories. The entry way wall becomes apparent again and may become occupied with strings, seed bags or tags, and so forth.

Last weekend’s record high temperatures signaled the annual shift from the winter to summer mentality. The key for the growing season is heat degree days. The question of the morning shifts to, "What is the predicted high temperature?" instead of, "How cold is it today?".

Last winter’s cost estimates are now reality: some were high, some were low. Either way, the bills need to be paid and calculations made for the new growing season. Spring’s work is front and center--as is the reality of cash flow for another growing season.

Input costs are knocking at the door. Local vendors’ opportunities, which fast become producer risk, carry the promise of opportunity. Many things have to click for a universal win-win situation.

Controlling costs is paramount to profit potential while limiting risk exposure. At the North Dakota State University Dickinson Research Extension Center, we hope to have seeded 160 acres of forage barley, 160 acres of corn and 70 acres of oats by early May. Keeping cow costs down and options available are major concerns.

Any quarter of land (160 acres) for forage production or grazing needs to balance inputs with anticipated outputs. For easy figuring, if input costs add up to $5,000 per 160 acres, the per acre cost would be $5,000 divided by 160 or $31.25 per acre. If this degree of input produced 1 ton of forage per acre, this would be equivalent to purchasing forage for $31.25 per ton. If the total input costs per quarter or land reach $10,000 and production was still 1 ton per acre, this would be equivalent to purchasing $62.50 per ton forage.

In terms of animal unit months (AUMs) or grazing units, for $5,000 worth of inputs and one ton of feed produced, each acre could feed two cows for one month, a cash feed cost of approximately $15 to $16 per AUM. Greater inputs, for example $10,000 per quarter, with the same output increases the AUM cost to about $32.

Forage is not free, and it is important to benchmark your forage operation in terms of dollars per ton of feed or animal unit month. The goal is to feed the cow/calf pair cheaper in the summer season than the winter season.

At the DREC, estimated cash input costs (no harvest costs) to produce forage for this fall's grazing are at $36 per acre for forage barley, $32 for oats and $59 per acre for corn. Historically, barley and oats yield 1.7 and 2.3 tons per acre. The costs per ton are $30 and $20, respectively, or $15 and $10 per AUM. If the corn yields 3 tons per acre, the hay (forage) cost would be $19 per ton, or the AUM charge would be $9.50. To complete the hay equation, additional per acre costs could go up at least $15 dollars for cutting, baling and hauling. Regardless of the month, always be prepared to evaluate costs and swap hay for grazing or grazing for hay, which ever is cheaper.

Cows weighing 1200 pounds and busy raising a calf can consume 25 to 30 pounds of hay daily. Providing hay at $60 per ton would equate to about $30 per AUM. Annual crops at $9.50 per AUM cash costs provide an excellent feed source for cattle, but watch your inputs.

If input costs start climbing higher than targeted values, forage costs go up, cow production costs go up and profit goes down. Now is the time to keep forage input costs in check. Don't let someone else's opportunity become your risk--and ultimately your debt. Plan conservatively so you and your vendor can both win.

May you find all your ear tags.

Your comments are always welcome at www.BeefTalk.com For more information, contact the North Dakota Beef Cattle Improvement

Association, 1133 State Avenue, Dickinson, ND 58601 or go to www.CHAPS2000.COM on the Internet. In correspondence about this column, refer to BT0037.

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Projected Cash Costs for Annual Forage Production
NDSU Dickinson Research Extension Center

	Barley	Oats	Corn
Seed	$ 7.35	$ 3.40	$ 16.25
Fertilizer	$ 5.38	$ 5.38	$ 5.88
Seedbed prep	$ 6.00	$ 6.00	$ 6.00
Seeding	$ 10.00	$ 10.00	$ 10.00
Weed control	$ 6.90	$ 6.90	$ 21.00
Total	$ 35.63	$ 31.68	$ 59.13
Harvest costs*	$ 15.00	$ 15.00	$ 0
Yield (tons)	1.7	2.3	3.1
Cost/Ton**	$ 29.78	$ 20.30	$ 19.07

* Cost of harvesting as hay
** Includes cost of harvesting as hay

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