

BeefTalk: Cost Per Pound of Calf is Struggling

Cow-calf producers need to manage costs and production.

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Beef production, like any other business, needs to control costs to continue in business.

For the total optimist, the thought would be that price always would offset costs; thus, perpetual dollars would be coming into the business. Cattle producers know well that is not true. Seasoned producers have been through the ups and downs of markets and know the need to be cautious and keep records.

Historically, beef producers have not been overly enthusiastic record-keepers. Thankfully, the North Dakota Farm Management education program (<http://www.ndfarmmanagement.com>) and FINBIN (<http://www.finbin.umn.edu/>) from the Center for Farm Financial Management, University of Minnesota, help a lot.

Levi Helmuth, farm business management instructor at the Dickinson Research Extension Center, and other North Dakota instructors contribute to the database and help build a good resource of beef cattle financial records.

A review of North Dakota numbers from FINBIN using 2000 as the base shows some slowdown in calf costs since the run-up in calf prices a few years ago. The huge red flag of a couple of years ago - when the cost per pound weaned per exposed cow jumped 200 percent since the turn of the century - is now a yellow flag. The current cost per pound weaned per exposed cow is a 180 percent increase since the turn of the century.

Some would say the turn of the century comparison is excessively historic, but remember, the beef business is historic, with slow turnover and long-term investments. Decisions made in the year 2000 still are relevant today.

What has changed with the current numbers? Simple: Income means nothing without a cost calculation. While many producers understand that the costs of feed and maintaining the cow inventory are large, obviously total direct and overhead costs are the summation of all costs in the herd.

In 2000, producers spent, on average, \$342 per cow for total direct and overhead expenses. The average costs were \$583 in 2013, an increase of 170 percent; \$648 in 2014, an increase of 189 percent; \$606 in 2015, an increase of 177 percent; \$574 in 2016, an increase of 167 percent; and \$618 in 2017, in increase of 180 percent. So in the last five years, cow-calf producers seem to be cognizant of costs, trying to keep them in perspective.

Essentially, during the last five-year span, total direct and overhead costs for a cow have averaged \$606. Has marketable calf output kept up with expenses? The answer still appears to be sluggish or perhaps on the negative side.

In 2000, according to FINBIN, the average weaned calf weight was 544 pounds. The last five years look like this: in 2013, 541 pounds; in 2014, 547 pounds; in 2015, 553 pounds; in 2016, 571 pounds; and in 2017, 576

Images



	2000	2013	2014	2015	2016	2017
Total cost of year direct and overhead expenses	\$342	\$583	\$648	\$606	\$574	\$618
Actual weaned weight	544	541	547	553	571	576
Cost per pound weaned	\$0.63	\$1.08	\$1.19	\$1.09	\$1.01	\$1.07
Cost per pound weaned per exposed cow	\$1.00	\$1.80	\$1.88	\$1.74	\$1.68	\$1.92

Increases in Cow-calf Enterprise From 2000 to 2017 (Per Cow)

pounds. The five-year average actual weight of weaned calves was 558 pounds, an increase of 14 pounds (or 103 percent) since the turn of the century.

The bottom line is a cow-calf producer's costs increased, with very sluggish progress in the amount of saleable calf weight. Another way to look at that is to look at pounds weaned per cow exposed because the cow incurs most of the cost.

Pounds weaned per exposed cow were 492 pounds in 2000, 479 pounds in 2013, 471 pounds in 2014, 489 pounds in 2015, 498 pounds in 2016 and 507 pounds in 2017. The actual five-year average pounds weaned per cow exposed was 489 pounds.

At the turn of the century, cow-calf producers were achieving 492, or 3 more pounds weaned per cow exposed than the average for the last five years. (I am not going to calculate the negative percentage.) Realistically, for every cow we turn out to the bull, we wean fewer pounds than we did in 2000.

As costs climb, that is not good. Cow-calf producers need to manage costs and production. Combining costs and production, the cost per pound of weaned calf per cow exposed was 69 cents in 2000. The last five years are \$1.22 (up 177 percent) in 2013, \$1.38 (up 200 percent) in 2014, \$1.24 (up 179 percent) in 2015, \$1.15 (up 167 percent) in 2016 and \$1.22 (up 177 percent) in 2017.

Essentially, the cost per pound weaned per cow exposed has fluctuated, with the cost per pound weaned per cow exposed for 2013 and 2017 at \$1.22. The actual five-year average cost per pound weaned per cow exposed was \$1.24. This 180 percent increase comes with no increase in pounds of calf marketed, which is not sustainable.

As cow-calf producers interact with the market and the expanded beef industry, individual producers must decide their individual approach to survival and meeting the family and operational goals. Invariably, those thoughts will include dollars. Remember, nothing is free.

May you find all your ear tags.

For more information, contact your local NDSU Extension Service agent (<https://www.ag.ndsu.edu/extension/directory>) or Ringwall at the Dickinson Research Extension Center, 1041 State Ave., Dickinson, ND 58601; 701-456-1103; or kris.ringwall@ndsu.edu.


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Attachments



PDF - Increases in Cow-calf Enterprise From 2000 to 2017 (Per Cow) 
(NDSU_Extension_BeefTalk_072618.pdf - 18.73 Kb)



EPS - Increases in Cow-calf Enterprise From 2000 to 2017 (Per Cow)
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