

BeefTalk: Horses and Beef, They Still Go Together

The cost of raising beef cattle continues to go up, as does the cost of maintaining a working ranch horse, which affects the bottom line of the beef business.

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The other day was difficult. The discussion centered on the horse industry as the Dickinson Research Extension Center was reviewing program costs. As the horse program was discussed, the updated costs were noted.

Based on a five-year average, the annual cost (direct and overhead expenses) for maintaining a producing mare and nursing foal was \$764.68 per year, with \$570.16 attributed to direct costs (feed, breeding fees, veterinary, livestock supplies, marketing, equipment repairs and fuel, etc.). The remaining \$194.52 was overhead costs that are calculated and allocated based on a typical percentage of use for each enterprise within the ranch.

The same five-year average was used to calculate raising a young horse. The annual cost averaged \$893.75 per horse. The annual direct costs for the growing young horse averaged \$745.92 and the overhead costs were \$147.83.

These horses are weaned colts all the way up to those in the early training phase. For the horses that remain in service to the ranch (working ranch horse), the annual costs have averaged \$829.43, with the direct expenses averaging \$681.42 per year and the overhead expenses averaging \$148.01 per year.

So what was difficult about the discussion? In a nutshell, the costs are very typical and certainly could be noted as a function of the times. Inputs are expensive, but most people understand that. The difficulty rests in the value of the horse compared with the maintenance cost.

Ranch costs do keep going up. The cost of raising beef cattle continues to go up, as does the cost of maintaining a working ranch horse, which affects the bottom line of the beef business. That simply means producers need beef prices to keep pace with increased costs.

Keep the working horses and look for better beef markets. The question about brood mares is much more difficult because these costs need to be covered by the value of their offspring. The value of a young colt not only carries with it the cost of production for the mare, but also for the production costs of the young horse until the time of sale.

Right now, the market is not supporting those costs. For the Dickinson Research Extension Center, that means fewer horses, particularly the stud. However, the real answer is in finding and maintaining better markets, more opportunities and competition for each year's foal crop. Unfortunately, not unlike the center, many producers also are faced with short-term decisions that affect cash flow.

Images

Annual Horse Production Costs		
	Direct	Overhead
Brood mares and nursing foals	\$70.16	\$194.52
Growing horses	\$745.92	\$147.83
Working ranch horses	\$681.42	\$148.01

Annual Horse Production Costs

Many producers have indicated they have and will breed fewer mares and that the increasing costs and low values of the foals was the deciding factor. Ultimately, supply and demand will catch up. However, as one producer said, "What may happen as a result of this current market is the number of foals/horses hitting the sales market. Sales should be down as many informed people will breed fewer mares. However, there doesn't seem to be any decrease in the number of beginner and novice breeders! They see all of these cheap horses, such as bred mares and studs, that they can pick up and add to their herds. Many of these herds are 'grade horses' (meaning cute or had neat color) and may be crossbred to create more grade horses."

That certainly is a challenge given the current limitations on marketing horses for slaughter. There are limited outlets to allow the industry to control excess inventory effectively and allow demand and supply to match up.

More and stronger markets are needed. In the meantime, as many producers noted, breeding horses should be for those who have a history and desire to execute a well-written business plan that justifies breeding a mare

May you find all your ear tags.

Your comments are always welcome at <http://www.BeefTalk.com>.

For more information, contact the NDBCIA Office, 1041 State Ave., Dickinson, ND 58601, or go to <http://www.CHAPS2000.com> on the Internet.

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Attachments



Annual Horse Production Costs 

(Horse Production Costs.pdf - 17.96 Kb)