

A black cow is the central focus, standing in a lush green field and eating grass. In the background, several other cows are scattered across the field, some standing and some lying down. The field is bordered by a line of trees under a bright sky.

The Value of Improving the Performance of your Cow-Calf Operation

Chris Prevatt

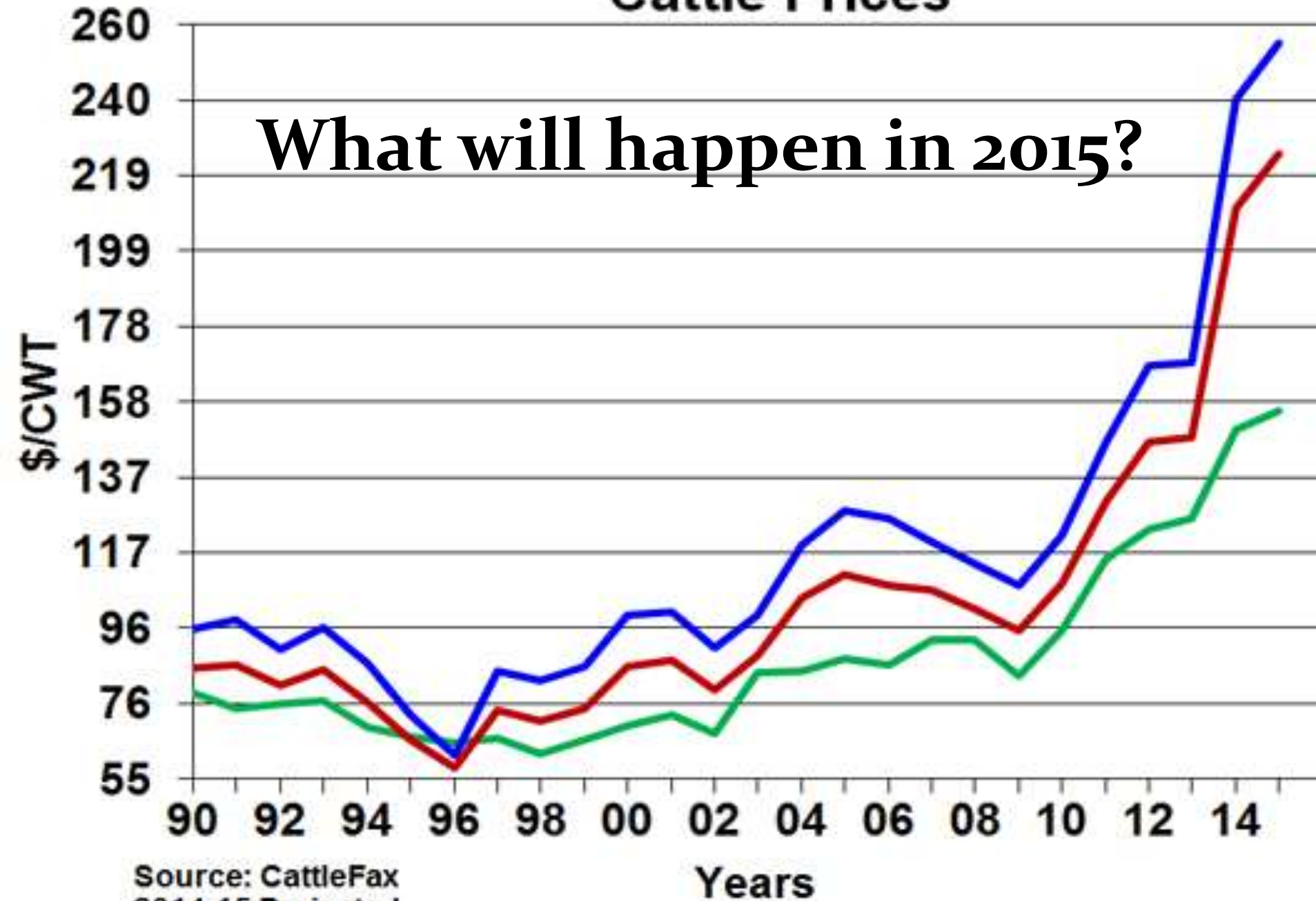
**Livestock and Forage Economist
UF Range Cattle Research and
Education Center**

NW Florida Beef Conference

- The Last Five Years in the Cow-Calf Industry
- 2015 Cattle Market
- 2015 Feeder Calf Market Prices
 - 2015 Projected Average Florida Feeder Calf Price
- Where Cow-Calf Profitability may be in 2015?
- The Value of making improvements to your cowherd

Cattle Prices

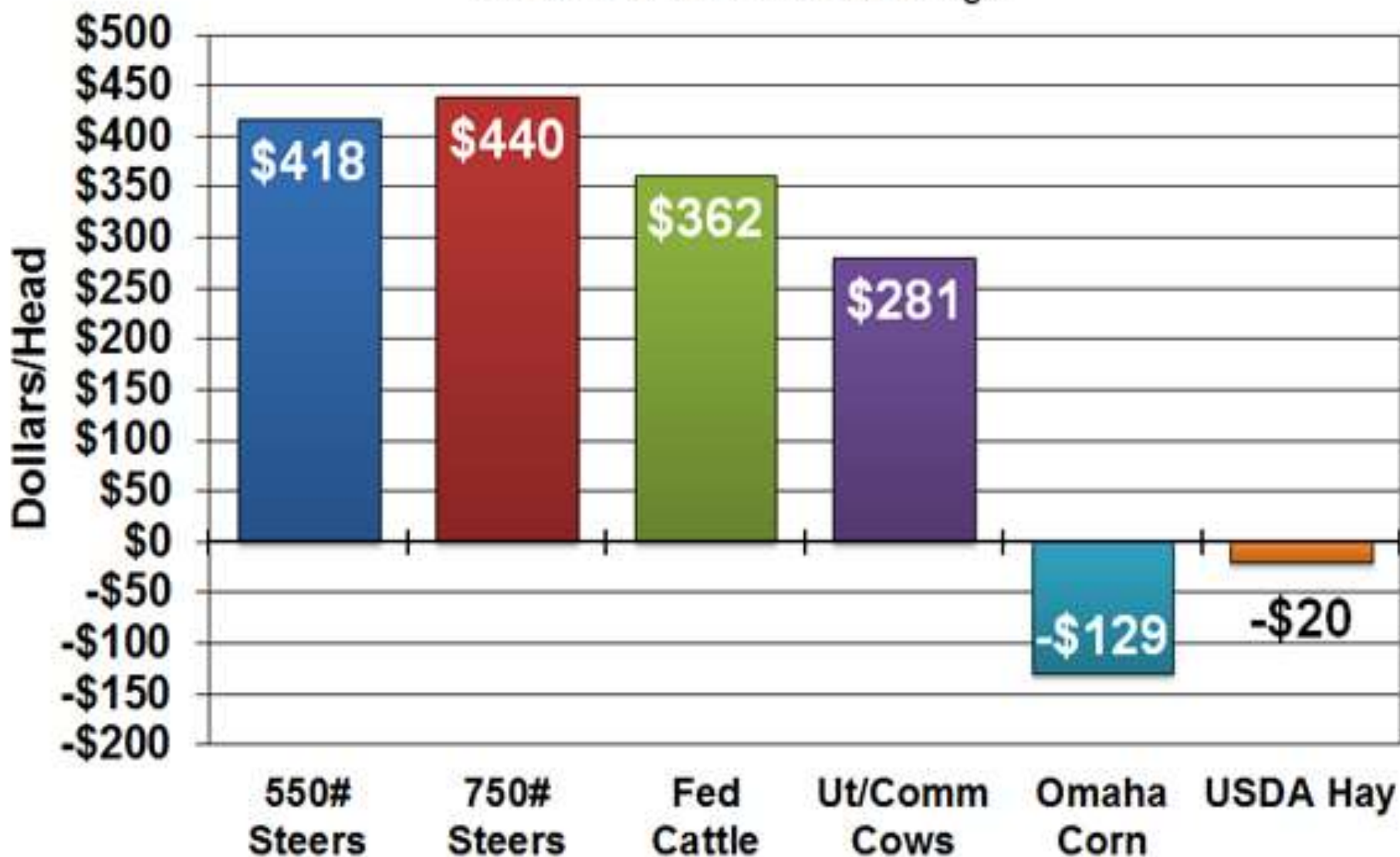
What will happen in 2015?



Source: CattleFax
2014-15 Projected

Dollar Per Head Change from One Year Ago

2014 vs. 2013 Annual Average



Source: USDA and CattleFax

(Corn cost calculated at 60 bu./head, hay cost calculated at 25 lbs./day for 150 days)

January 2010 - December 2014

U.S. Weekly Average 550 lb. Feeder Steers

\$/cwt.



Chris Prevatt, UF/IFAS Range Cattle Research & Education Center

US 550 lb. Feeder Steer Prices

- US 550 lb. Feeder Steers
- January 2010: \$103.78/cwt. \$571/hd.
- December 2014: \$289.41/cwt. \$1,592/hd.
- % Change: 178.87% ↑
- \$/cwt. Change: \$185.63/cwt. ↑
- \$/hd. Change: \$1,021/hd. ↑

US 550 lb. Feeder Steer Prices

- US 550 lb. Feeder Steers
- May 2013: \$152.15/cwt. \$836/hd.
- December 2014: \$289.41/cwt. \$1,592/hd.
- % Change: 90.21% ↑
- \$/cwt. Change: \$137.26/cwt. ↑
- \$/hd. Change: \$756/hd. ↑

The price of 550 lb. Feeder Steers moved to NEW record highs on a monthly basis for 19 months in a row.

What will happen in 2015?

2015 Price Expectations, CattleFax

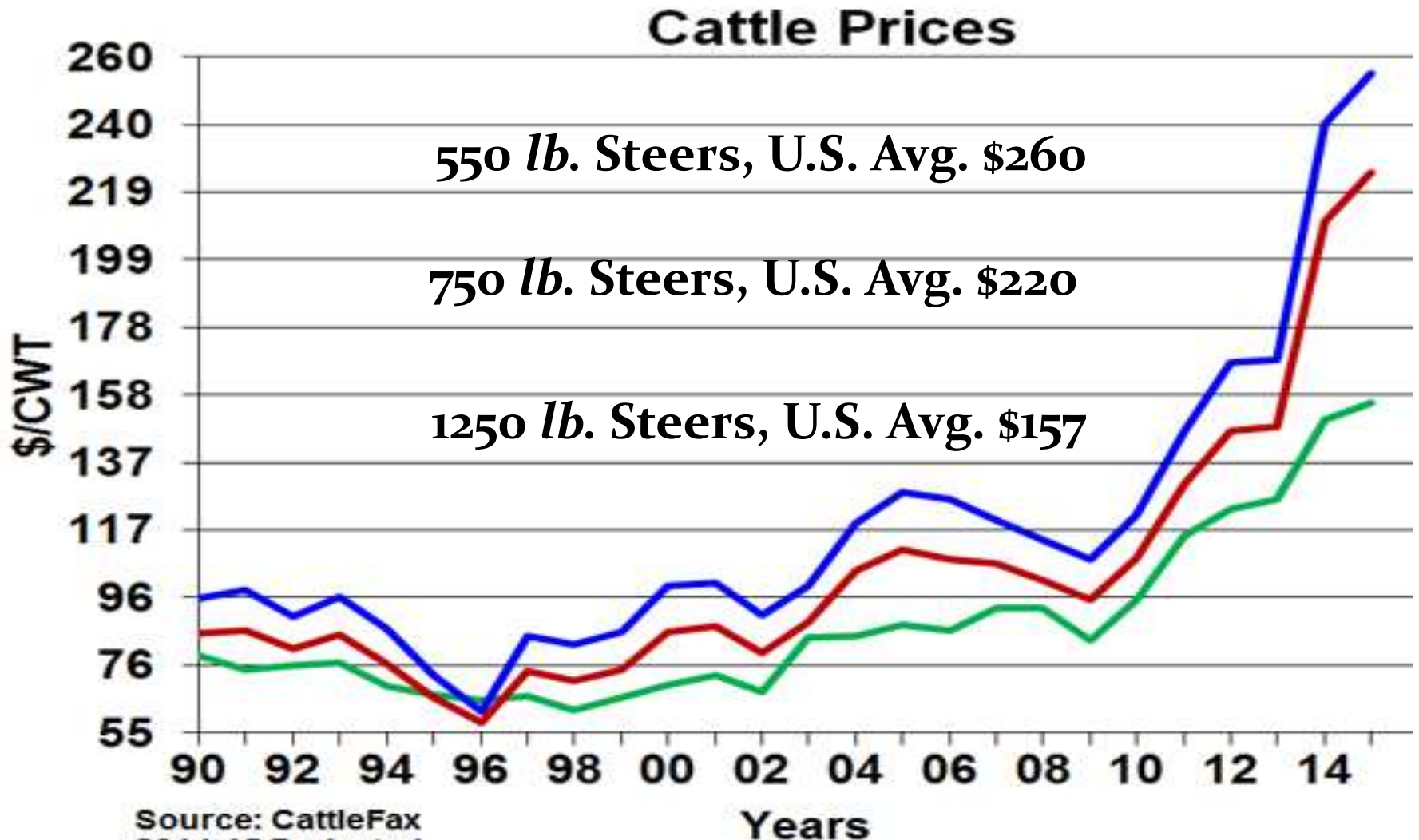
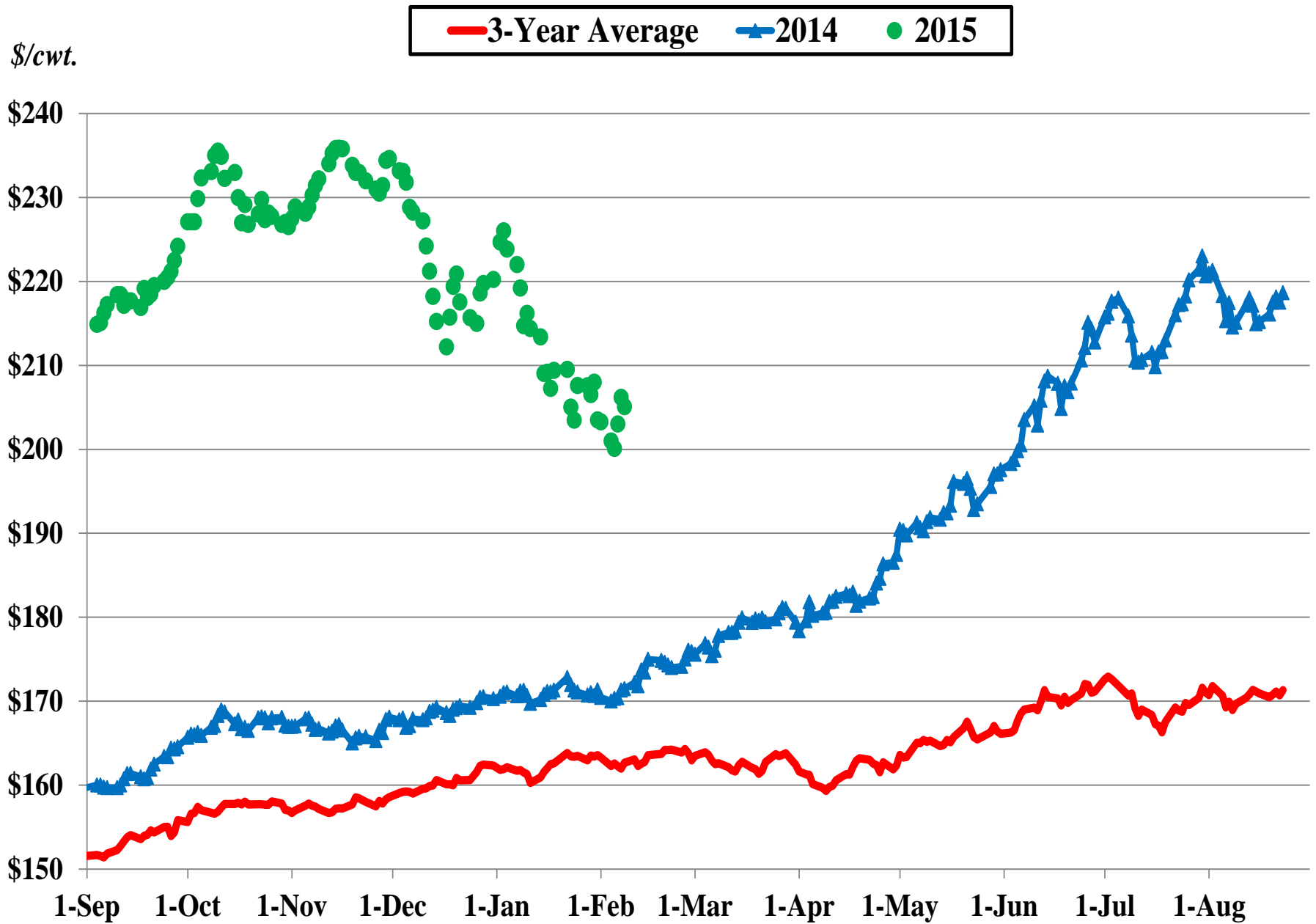
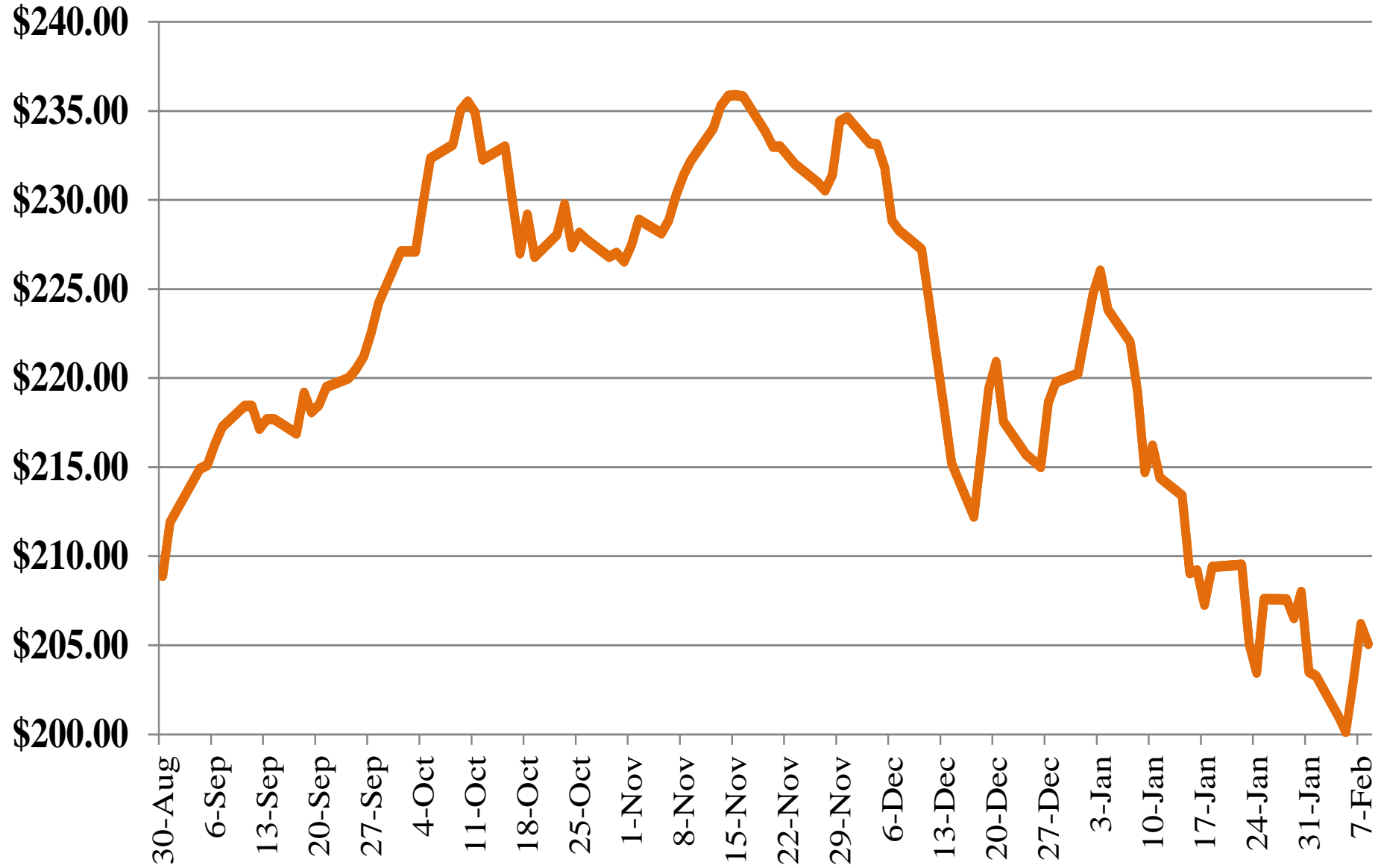


Figure 1. August 2015 Feeder Cattle Futures Prices (CME)



2015 August Feeder Cattle Futures Contract

\$/cwt.



Feeder Cattle Futures Prices

2015 Cattle Futures Prices		
Contract Months	Feeder Cattle	Live Cattle
January		
February		\$159.10
March	\$202.03	
April	\$201.73	\$153.78
May	\$201.83	
June		\$145.93
July		
August	\$205.08	\$144.10
September	\$203.98	
October	\$203.35	\$146.50
November	\$201.60	
December		\$146.85
Avg. 2015 Price	\$202.80	\$149.38

CME Feeder Cattle Futures Prices as of 02/10/2015.

Feeder Cattle Futures Prices

2015 Feeder Cattle Futures			
Month	<i>\$/cwt.</i>	<i>\$/hd.</i>	<i>\$/truckload</i>
January	\$0.00	\$0.00	\$0.00
February			
March	\$202.03	\$1,515.19	\$101,012.50
April	\$201.73	\$1,512.94	\$100,862.50
May	\$201.83	\$1,513.69	\$100,912.50
June			
July			
August	\$205.08	\$1,538.06	\$102,537.50
September	\$203.98	\$1,529.81	\$101,987.50
October	\$203.35	\$1,525.13	\$101,675.00
November	\$201.60	\$1,512.00	\$100,800.00
December			
Avg. 2015 Price	\$202.80	\$1,520.97	\$101,398.21

CME Feeder Cattle Futures Prices as of 02/10/2015.

2015 Projected Average Florida Feeder Calf Prices

- Assumes blended price for Steers and Heifers.
- Feeders are Medium-Large Frame and Muscle Scores #1-2.
- Based on 2015 Feeder Cattle Futures Market Prices.

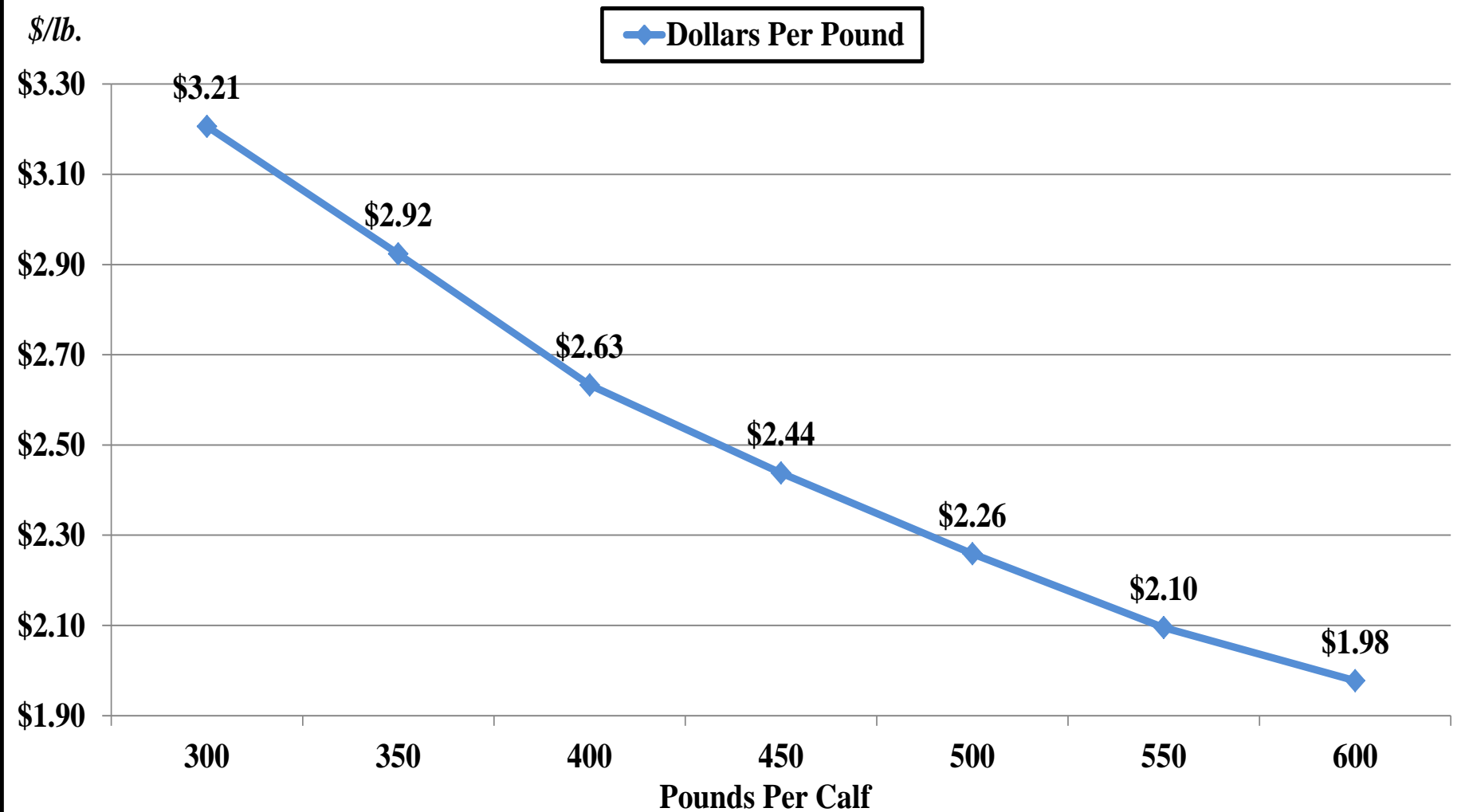


2015 Projected Average Florida Feeder Calf Prices*

Avg. Calf Wt. (lbs.)	Feeder Calves		
	Avg. Price \$/cwt.	Avg. Price \$/lb.	Market Price \$/hd.
300	\$320.61	\$3.21	\$961.84
350	\$292.35	\$2.92	\$1,023.24
400	\$263.29	\$2.63	\$1,053.16
450	\$243.79	\$2.44	\$1,097.07
500	\$225.86	\$2.26	\$1,129.29
550	\$209.50	\$2.10	\$1,152.26
600	\$197.72	\$1.98	\$1,186.30

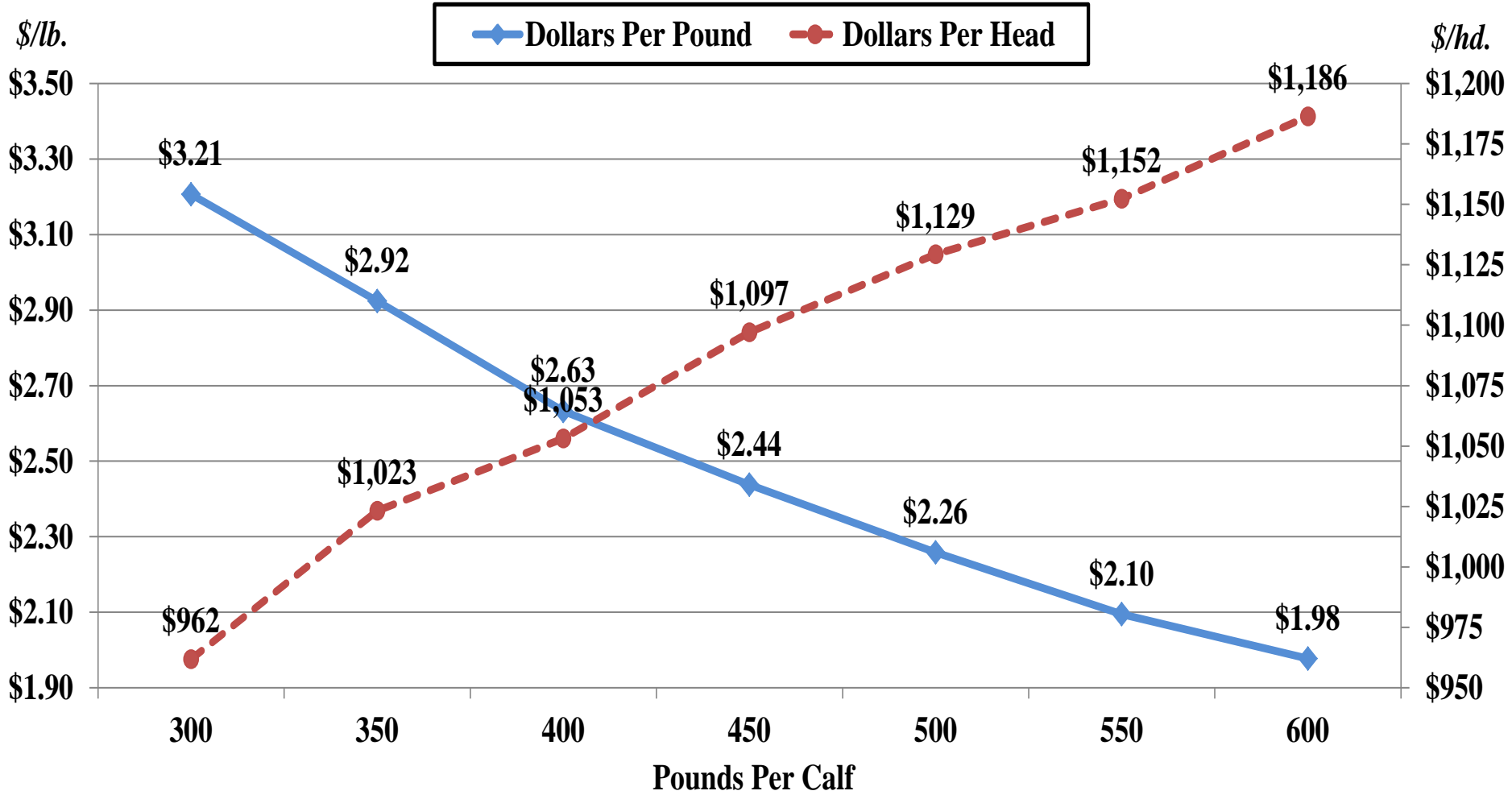
*Calf prices reflect Medium-Large Frame #1 & #2 Muscle Score Calves. Projected prices are based on CME Feeder Cattle Futures Prices as of 02/10/2015. The projected prices are subject to change as new data becomes available.

Projected 2015 Average Florida Feeder Calf Prices*



*The Projected 2015 Average Florida Feeder Calf Prices are blended prices for steers and heifers of medium-large frame and #1-#2 muscle score calves. Projected prices are based on CME Feeder Cattle future prices as of 02/10/2015.

Projected 2015 Average Florida Feeder Calf Prices*



*The Projected 2015 Average Florida Feeder Calf Prices are blended prices for steers and heifers of medium-large frame and #1-#2 muscle score calves. Projected prices are based on CME Feeder Cattle future prices as of 02/10/2015.



Cow-Calf Profits

What Factors Affect Cow-Calf Profitability?



Factors Affecting the Profitability of Cow-Calf Producers

Marketing

Genetics

Breeding Season

Calving Season

Herd Health Program

Calf Management Practices

Cow Management Practices

Bull Management Practices

Performance - ADG

Weaning Weights

Corn Prices

Fuel Prices

Fertilizer Prices

Feed Prices

Land Management

Forage Types

Clovers, Legumes

Grass Varieties

Grazing Methods

Size of Paddocks

Level of Fertilization

Soil Type, Soil PH

Stocking Rate

Level of Supplementation

LEVEL OF MANAGEMENT

Environmental Regulations

Machinery and Equipment

Buildings and Improvements

Depreciation and Repairs

Taxes and Insurance

Interest Rates

Labor

Weather

Death Loss

Pregnancy Rate

Calving Rate

Weaning Rate

Cost of Production

Government Regulations

**EVERYTHING THAT GOES INTO A
COW-CALF ENTERPRISE AFFECTS PROFITABILITY.**

Understanding Profitability in Cow-Calf Enterprises

- Profitability can be projected using six quantitative factors from the cow-calf enterprise.
- Profitability varies widely among cow-calf producers due to differing levels of management ability, production systems, inputs, and resources.

FOUNDATIONS OF PROFITABILITY

What do I need to calculate cow-calf profitability?

Six Quantitative Factors

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- **Total Cow-Calf Production Costs, *\$/year***

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- **Total Number of Brood Cows & Replacement Heifers**
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- **Total Cull Animal Revenue, *\$/year***

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- **Total Number of Brood Cows & Replacement Heifers**
- **Total Cow-Calf Production Costs, *\$/year***
- **Total Cull Animal Revenue, *\$/year***
- **Average Weaning Weight, *lbs./calf***

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- **Total Cow-Calf Production Costs, *\$/year***
- **Total Cull Animal Revenue, *\$/year***
- **Average Weaning Weight, *lbs./calf***
- **Weaning Percent, *%***

FOUNDATIONS OF PROFITABILITY

What do I need to calculate cow-calf profitability?

Six Quantitative Factors

- Total Number of Brood Cows & Replacement Heifers
- Total Cow-Calf Production Costs, *\$/year*
- Total Cull Animal Revenue, *\$/year*
- Average Weaning Weight, *lbs./calf*
- Weaning Percent, *%*
- Market Prices, *\$/lb.*

FOUNDATIONS OF PROFITABILITY

What do I need to calculate cow-calf profitability?

Six Quantitative Factors

- Total Number of Brood Cows & Replacement Heifers
- Total Cow-Calf Production Costs, \$/year
- Total Cull Animal Revenue, \$/year
- Average Weaning Weight, *lbs./calf*
- Weaning Percent, %
- Market Prices, \$/lb.

MANAGEMENT

Foundations of Profitability

A photograph of a herd of cows in a lush green field. In the foreground, two young brown calves are running towards the left. Behind them, a larger herd of cows in various colors (brown, black, white) is gathered near a wire fence. The background shows rolling green hills under a bright sky with light clouds.

Let's work thru an example to better understand 2015 projected cow-calf profitability.

Projecting 2015 Cow-Calf Profitability

- Commercial Cow-Calf Perspective
 - There's lots of ways we could extend this example.
 - Backgrounding
 - Preconditioning
 - Retained Ownership
 - Carcass Quality
 - But, to keep it simple we will market these calves at weaning time.

2015 Projected Average Florida Feeder Calf Prices*

Avg. Calf Wt. (lbs.)	Feeder Calves		
	Avg. Price \$/cwt.	Avg. Price \$/lb.	Market Price \$/hd.
300	\$320.61	\$3.21	\$961.84
350	\$292.35	\$2.92	\$1,023.24
400	\$263.29	\$2.63	\$1,053.16
450	\$243.79	\$2.44	\$1,097.07
500	\$225.86	\$2.26	\$1,129.29
550	\$209.50	\$2.10	\$1,152.26
600	\$197.72	\$1.98	\$1,186.30

*Calf prices reflect Medium-Large Frame #1 & #2 Muscle Score Calves. Projected prices are based on CME Feeder Cattle Futures Prices as of 02/10/2015. The projected prices are subject to change as new data becomes available.

Weaning Weight

- **We're selling Pounds... Our Output is Pounds of Calves.**
- **Cattle Producers generate most of their revenue based on the total pounds of calves sold.**
- **The average weight of calves at weaning can be impacted by several factors:**
 - **Age of Calf**
 - **Calving Season**
 - **Forage Conditions (Nutrition)**
 - **Milking Ability of the Cow Herd**
 - **Genetics (med./lg., #1, #2)**
 - **Calf Management Practices**
 - **Castrate, Implant, Deworming, Vaccinations, Fly Control, etc.**
 - **Weather (Drought, Floods, Extreme Temperatures)**

Table 4. Estimated 2015 Profit/Loss Per Cow for various weaning weights, weaning percentages, and calf production costs per brood cow.

Weaning Weight <i>lbs.</i>									2015 Projected Avg. FL Price*	
									<i>\$/lb.</i>	
600									\$1.98	
550									\$2.10	
500									\$2.26	
450									\$2.44	
400									\$2.63	
350									\$2.92	
300									\$3.21	
600									\$1.98	
550									\$2.10	
500									\$2.26	
450									\$2.44	
400									\$2.63	
350									\$2.92	
300									\$3.21	

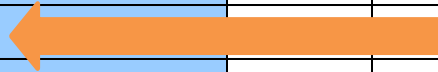


Weaning Percent

- **Calf Crop = Weaning Percentage**
- **Percent of Exposed Females that Wean a Calf**
- **Reproductive efficiency is a good measure of our herds overall management and health status.**

Table 4. Estimated 2015 Profit/Loss Per Cow for various weaning weights, weaning percentages, and calf production costs per brood cow.

Weaning Weight	Weaning Percent									2015 Projected Avg. FL Price*
<i>lbs.</i>	<i>%</i>									<i>\$/lb.</i>
600	90%									\$1.98
550	90%									\$2.10
500	90%									\$2.26
450	90%									\$2.44
400	90%									\$2.63
350	90%									\$2.92
300	90%									\$3.21
600	85%									\$1.98
550	85%									\$2.10
500	85%									\$2.26
450	85%									\$2.44
400	85%									\$2.63
350	85%									\$2.92
300	85%									\$3.21



lbs. of Calf Production Per Brood Cow

- **Pounds of Calf Weaned Per Cow Exposed**
 - **Average Weaning Weight x Weaning Percent**
 - **Combines the relative reproductive and growth performance of a cow herd**

Two Ways to Increase the Total Pounds of Calf Weaned

- **1) Increase the pounds of each calf weaned**
- **2) Increase the number of calves weaned**

Feeder Calf Revenue

- Feeder Calf Revenue is the easiest thing we can calculate.

Table 1. Projected 2015 Calf Revenue for various weaning weights and weaning percentages.

Weaning Weight	Weaning Percent	Calf Production Per Brood Cow	Projected Revenue Per Calf	Projected Calf Revenue Per Brood Cow	2015 Projected Avg. FL Price*
<i>lbs.</i>	<i>%</i>	<i>lbs./Cow</i>	<i>\$/hd.</i>	<i>\$/hd.</i>	<i>\$/lb.</i>
600	90%	540	\$1,186	\$1,068	\$1.98
550	90%	495	\$1,152	\$1,037	\$2.10
500	90%	450	\$1,129	\$1,016	\$2.26
450	90%	405	\$1,097	\$987	\$2.44
400	90%	360	\$1,053	\$948	\$2.63
350	90%	315	\$1,023	\$921	\$2.92
300	90%	270	\$962	\$866	\$3.21
600	85%	510	\$1,186	\$1,008	\$1.98
550	85%	468	\$1,152	\$979	\$2.10
500	85%	425	\$1,129	\$960	\$2.26
450	85%	383	\$1,097	\$933	\$2.44
400	85%	340	\$1,053	\$895	\$2.63
350	85%	298	\$1,023	\$870	\$2.92
300	85%	255	\$962	\$818	\$3.21

Table 2. Projected 2015 Total Calf Revenue for various weaning weights and weaning percentages, 100 *hd.*

Weaning Weight	Weaning Percent	Calf Production Per Brood Cow	Projected Calf Revenue	Projected Calf Revenue, <i>Adj. for WP</i>	2015 Projected Avg. FL Price*
<i>lbs.</i>	<i>%</i>	<i>lbs./Cow</i>	Total Dollars, \$	Total Dollars, \$	<i>\$/lb.</i>
600	90%	540	\$118,630	\$106,767	\$1.98
550	90%	495	\$115,226	\$103,704	\$2.10
500	90%	450	\$112,929	\$101,637	\$2.26
450	90%	405	\$109,707	\$98,736	\$2.44
400	90%	360	\$105,316	\$94,784	\$2.63
350	90%	315	\$102,324	\$92,092	\$2.92
300	90%	270	\$96,184	\$86,566	\$3.21
600	85%	510	\$118,630	\$100,836	\$1.98
550	85%	468	\$115,226	\$97,943	\$2.10
500	85%	425	\$112,929	\$95,990	\$2.26
450	85%	383	\$109,707	\$93,251	\$2.44
400	85%	340	\$105,316	\$89,519	\$2.63
350	85%	298	\$102,324	\$86,976	\$2.92
300	85%	255	\$96,184	\$81,756	\$3.21

Calf Production Costs Per Brood Cow

- Calf production costs per brood cow is calculated as total cow-calf production costs less cull animal revenue divided by the total number of brood cows exposed.

Beware! As market prices increase, the production costs to carry a cow increases.

Feed and pasture costs are the largest expenses most cow-calf producers incur to produce a calf.

In most studies of cow-calf operations feed and pasture costs range from 50% to 60% of the total costs to carry a cow.

Table 4. Estimated 2015 Profit/Loss Per Cow for various weaning weights, weaning percentages, and calf production costs per brood cow.

Weaning Weight <i>lbs.</i>	Weaning Percent <i>%</i>	Calf Production Per Brood Cow <i>lbs./Cow</i>	Calf Production Costs Per Brood Cow**							2015 Projected Avg. FL Price* <i>\$/lb.</i>
			\$1,100	\$1,000	\$900	\$800	\$700	\$600	\$500	
600	90%	540								\$1.98
550	90%	495								\$2.10
500	90%	450								\$2.26
450	90%	405								\$2.44
400	90%	360								\$2.63
350	90%	315								\$2.92
300	90%	270								\$3.21
600	85%	510								\$1.98
550	85%	468								\$2.10
500	85%	425								\$2.26
450	85%	383								\$2.44
400	85%	340								\$2.63
350	85%	298								\$2.92
300	85%	255								\$3.21



Breakeven Feeder Calf Price

- By calculating breakeven feeder calf prices we can determine what it cost to produce a pound of calf production. We can use the breakeven price to guide us when making production and marketing decisions.

Table 3. Projected 2015 breakeven feeder calf prices for various weaning weights, weaning percentages, and calf production costs per brood cow.

Weaning Weight	Weaning Percent	Calf Production Per Brood Cow	Calf Production Costs Per Brood Cow**						
			\$1,100	\$1,000	\$900	\$800	\$700	\$600	\$500
<i>lbs.</i>	<i>%</i>	<i>lbs./Cow</i>	Breakeven Feeder Calf Price, <i>\$/lb.</i> ***						
600	90%	540	\$2.04	\$1.85	\$1.67	\$1.48	\$1.30	\$1.11	\$0.93
550	90%	495	\$2.22	\$2.02	\$1.82	\$1.62	\$1.41	\$1.21	\$1.01
500	90%	450	\$2.44	\$2.22	\$2.00	\$1.78	\$1.56	\$1.33	\$1.11
450	90%	405	\$2.72	\$2.47	\$2.22	\$1.98	\$1.73	\$1.48	\$1.23
400	90%	360	\$3.06	\$2.78	\$2.50	\$2.22	\$1.94	\$1.67	\$1.39
350	90%	315	\$3.49	\$3.17	\$2.86	\$2.54	\$2.22	\$1.90	\$1.59
300	90%	270	\$4.07	\$3.70	\$3.33	\$2.96	\$2.59	\$2.22	\$1.85
600	85%	510	\$2.16	\$1.96	\$1.76	\$1.57	\$1.37	\$1.18	\$0.98
550	85%	468	\$2.35	\$2.14	\$1.93	\$1.71	\$1.50	\$1.28	\$1.07
500	85%	425	\$2.59	\$2.35	\$2.12	\$1.88	\$1.65	\$1.41	\$1.18
450	85%	383	\$2.88	\$2.61	\$2.35	\$2.09	\$1.83	\$1.57	\$1.31
400	85%	340	\$3.24	\$2.94	\$2.65	\$2.35	\$2.06	\$1.76	\$1.47
350	85%	298	\$3.70	\$3.36	\$3.03	\$2.69	\$2.35	\$2.02	\$1.68
300	85%	255	\$4.31	\$3.92	\$3.53	\$3.14	\$2.75	\$2.35	\$1.96

Table 3. Projected 2015 breakeven feeder calf prices for various weaning weights, weaning percentages, and calf production costs per brood cow.

Weaning Weight	Weaning Percent	Calf Production Per Brood Cow	Calf Production Costs Per Brood Cow**							2015 Projected Avg. FL Price*
			\$1,100	\$1,000	\$900	\$800	\$700	\$600	\$500	
<i>lbs.</i>	<i>%</i>	<i>lbs./Cow</i>	Breakeven Feeder Calf Price, <i>\$/lb.</i> ***							<i>\$/lb.</i>
600	90%	540	\$2.04	\$1.85	\$1.67	\$1.48	\$1.30	\$1.11	\$0.93	\$1.98
550	90%	495	\$2.22	\$2.02	\$1.82	\$1.62	\$1.41	\$1.21	\$1.01	\$2.10
500	90%	450	\$2.44	\$2.22	\$2.00	\$1.78	\$1.56	\$1.33	\$1.11	\$2.26
450	90%	405	\$2.72	\$2.47	\$2.22	\$1.98	\$1.73	\$1.48	\$1.23	\$2.44
400	90%	360	\$3.06	\$2.78	\$2.50	\$2.22	\$1.94	\$1.67	\$1.39	\$2.63
350	90%	315	\$3.49	\$3.17	\$2.86	\$2.54	\$2.22	\$1.90	\$1.59	\$2.92
300	90%	270	\$4.07	\$3.70	\$3.33	\$2.96	\$2.59	\$2.22	\$1.85	\$3.21
600	85%	510	\$2.16	\$1.96	\$1.76	\$1.57	\$1.37	\$1.18	\$0.98	\$1.98
550	85%	468	\$2.35	\$2.14	\$1.93	\$1.71	\$1.50	\$1.28	\$1.07	\$2.10
500	85%	425	\$2.59	\$2.35	\$2.12	\$1.88	\$1.65	\$1.41	\$1.18	\$2.26
450	85%	383	\$2.88	\$2.61	\$2.35	\$2.09	\$1.83	\$1.57	\$1.31	\$2.44
400	85%	340	\$3.24	\$2.94	\$2.65	\$2.35	\$2.06	\$1.76	\$1.47	\$2.63
350	85%	298	\$3.70	\$3.36	\$3.03	\$2.69	\$2.35	\$2.02	\$1.68	\$2.92
300	85%	255	\$4.31	\$3.92	\$3.53	\$3.14	\$2.75	\$2.35	\$1.96	\$3.21

Estimated Profit/Loss Per Cow, \$/hd.

- The cells with black numbers are profitable levels of beef production expressed in dollars per head. The cells with red numbers are losses per head.

Table 4. Estimated 2015 Profit/Loss Per Cow for various weaning weights, weaning percentages, and calf production costs per brood cow.

Weaning Weight	Weaning Percent	Calf Production Per Brood Cow	Calf Production Costs Per Brood Cow**							2015 Projected Avg. FL Price*
			\$1,100	\$1,000	\$900	\$800	\$700	\$600	\$500	
<i>lbs.</i>	<i>%</i>	<i>lbs./Cow</i>								<i>\$/lb.</i>
600	90%	540	(\$32)	\$68	\$168	\$268	\$368	\$468	\$568	\$1.98
550	90%	495	(\$63)	\$37	\$137	\$237	\$337	\$437	\$537	\$2.10
500	90%	450	(\$84)	\$16	\$116	\$216	\$316	\$416	\$516	\$2.26
450	90%	405	(\$113)	(\$13)	\$87	\$187	\$287	\$387	\$487	\$2.44
400	90%	360	(\$152)	(\$52)	\$48	\$148	\$248	\$348	\$448	\$2.63
350	90%	315	(\$179)	(\$79)	\$21	\$121	\$221	\$321	\$421	\$2.92
300	90%	270	(\$234)	(\$134)	(\$34)	\$66	\$166	\$266	\$366	\$3.21
600	85%	510	(\$92)	\$8	\$108	\$208	\$308	\$408	\$508	\$1.98
550	85%	468	(\$121)	(\$21)	\$79	\$179	\$279	\$379	\$479	\$2.10
500	85%	425	(\$140)	(\$40)	\$60	\$160	\$260	\$360	\$460	\$2.26
450	85%	383	(\$167)	(\$67)	\$33	\$133	\$233	\$333	\$433	\$2.44
400	85%	340	(\$205)	(\$105)	(\$5)	\$95	\$195	\$295	\$395	\$2.63
350	85%	298	(\$230)	(\$130)	(\$30)	\$70	\$170	\$270	\$370	\$2.92
300	85%	255	(\$282)	(\$182)	(\$82)	\$18	\$118	\$218	\$318	\$3.21

Table 4. Estimated 2015 Profit/Loss Per Cow for various weaning weights, weaning percentages, and calf production costs per brood cow.

Weaning Weight	Weaning Percent	Calf Production Per Brood Cow	Calf Production Costs Per Brood Cow**							2015 Projected Avg. FL Price*
			\$1,100	\$1,000	\$900	\$800	\$700	\$600	\$500	
<i>lbs.</i>	<i>%</i>	<i>lbs./Cow</i>								<i>\$/lb.</i>
600	90%	540		\$68	\$168	\$268	\$368	\$468	\$568	\$1.98
550	90%	495		\$37	\$137	\$237	\$337	\$437	\$537	\$2.10
500	90%	450		\$16	\$116	\$216	\$316	\$416	\$516	\$2.26
450	90%	405			\$87	\$187	\$287	\$387	\$487	\$2.44
400	90%	360			\$48	\$148	\$248	\$348	\$448	\$2.63
350	90%	315			\$21	\$121	\$221	\$321	\$421	\$2.92
300	90%	270				\$66	\$166	\$266	\$366	\$3.21
600	85%	510		\$8	\$108	\$208	\$308	\$408	\$508	\$1.98
550	85%	468			\$79	\$179	\$279	\$379	\$479	\$2.10
500	85%	425			\$60	\$160	\$260	\$360	\$460	\$2.26
450	85%	383			\$33	\$133	\$233	\$333	\$433	\$2.44
400	85%	340				\$95	\$195	\$295	\$395	\$2.63
350	85%	298				\$70	\$170	\$270	\$370	\$2.92
300	85%	255				\$18	\$118	\$218	\$318	\$3.21

Estimated Profit/Loss Per 100 *hd.*

- **Estimated Profit/Loss Per Cow, \$/*hd.* * 100 *hd.***

Table 5. Estimated 2015 Total Profit/Loss for various weaning weights, weaning percentages, and calf production costs per brood cow, 100 *hd.*

Weaning Weight	Weaning Percent	Calf Production Per Brood Cow	Calf Production Costs Per Brood Cow**							2015 Projected Avg. FL Price*
			\$1,100	\$1,000	\$900	\$800	\$700	\$600	\$500	
<i>lbs.</i>	<i>%</i>	<i>lbs./Cow</i>								<i>\$/lb.</i>
600	90%	540	(\$3,233)	\$6,767	\$16,767	\$26,767	\$36,767	\$46,767	\$56,767	\$1.98
550	90%	495	(\$6,296)	\$3,704	\$13,704	\$23,704	\$33,704	\$43,704	\$53,704	\$2.10
500	90%	450	(\$8,364)	\$1,636	\$11,636	\$21,636	\$31,636	\$41,636	\$51,636	\$2.26
450	90%	405	(\$11,264)	(\$1,264)	\$8,736	\$18,736	\$28,736	\$38,736	\$48,736	\$2.44
400	90%	360	(\$15,216)	(\$5,216)	\$4,784	\$14,784	\$24,784	\$34,784	\$44,784	\$2.63
350	90%	315	(\$17,908)	(\$7,908)	\$2,092	\$12,092	\$22,092	\$32,092	\$42,092	\$2.92
300	90%	270	(\$23,435)	(\$13,435)	(\$3,435)	\$6,565	\$16,565	\$26,565	\$36,565	\$3.21
600	85%	510	(\$9,164)	\$836	\$10,836	\$20,836	\$30,836	\$40,836	\$50,836	\$1.98
550	85%	468	(\$12,058)	(\$2,058)	\$7,942	\$17,942	\$27,942	\$37,942	\$47,942	\$2.10
500	85%	425	(\$14,010)	(\$4,010)	\$5,990	\$15,990	\$25,990	\$35,990	\$45,990	\$2.26
450	85%	383	(\$16,750)	(\$6,750)	\$3,250	\$13,250	\$23,250	\$33,250	\$43,250	\$2.44
400	85%	340	(\$20,481)	(\$10,481)	(\$481)	\$9,519	\$19,519	\$29,519	\$39,519	\$2.63
350	85%	298	(\$23,025)	(\$13,025)	(\$3,025)	\$6,975	\$16,975	\$26,975	\$36,975	\$2.92
300	85%	255	(\$28,244)	(\$18,244)	(\$8,244)	\$1,756	\$11,756	\$21,756	\$31,756	\$3.21

Table 5. Estimated 2015 Total Profit/Loss for various weaning weights, weaning percentages, and calf production costs per brood cow, 100 *hd.*

Weaning Weight	Weaning Percent	Calf Production Per Brood Cow	Calf Production Costs Per Brood Cow**							2015 Projected Avg. FL Price*
			\$1,100	\$1,000	\$900	\$800	\$700	\$600	\$500	
<i>lbs.</i>	<i>%</i>	<i>lbs./Cow</i>								<i>\$/lb.</i>
600	90%	540		\$6,767	\$16,767	\$26,767	\$36,767	\$46,767	\$56,767	\$1.98
550	90%	495		\$3,704	\$13,704	\$23,704	\$33,704	\$43,704	\$53,704	\$2.10
500	90%	450		\$1,636	\$11,636	\$21,636	\$31,636	\$41,636	\$51,636	\$2.26
450	90%	405			\$8,736	\$18,736	\$28,736	\$38,736	\$48,736	\$2.44
400	90%	360			\$4,784	\$14,784	\$24,784	\$34,784	\$44,784	\$2.63
350	90%	315			\$2,092	\$12,092	\$22,092	\$32,092	\$42,092	\$2.92
300	90%	270				\$6,565	\$16,565	\$26,565	\$36,565	\$3.21
600	85%	510		\$836	\$10,836	\$20,836	\$30,836	\$40,836	\$50,836	\$1.98
550	85%	468			\$7,942	\$17,942	\$27,942	\$37,942	\$47,942	\$2.10
500	85%	425			\$5,990	\$15,990	\$25,990	\$35,990	\$45,990	\$2.26
450	85%	383			\$3,250	\$13,250	\$23,250	\$33,250	\$43,250	\$2.44
400	85%	340				\$9,519	\$19,519	\$29,519	\$39,519	\$2.63
350	85%	298				\$6,975	\$16,975	\$26,975	\$36,975	\$2.92
300	85%	255				\$1,756	\$11,756	\$21,756	\$31,756	\$3.21

Sensitivity Analysis

- A useful exercise for managers is to evaluate the impact that a percentage change in gross revenue and/or calf production costs will have on cow-calf profitability.

Is it possible for you to increase the revenue you receive and/or reduce the costs of your cow-calf operation?

Can you change revenues and/or costs by:

- ✓ 1 or 2 percent?**
- ✓ 5 or 10 percent?**
- ✓ More than 10 percent?**

Table 6. Sensitivity Analysis of 2015 Gross Revenue and Calf Production Costs

		Percent Change in Total Gross Revenue				
		-2%	-1%	0%	1%	2%
		Estimated Profit/Loss Per Brood Cow				
Percent Change in Calf Production Costs	-2%	\$235	\$245	\$255	\$265	\$275
	-1%	\$228	\$238	\$248	\$257	\$267
	0%	\$220	\$230	\$240	\$250	\$260
	1%	\$213	\$223	\$233	\$242	\$252
	2%	\$205	\$215	\$225	\$235	\$245

***Assumptions:**

100	Number of cows, <i>hd.</i>	\$92,654	Total Cow-Calf Production Costs, \$
80%	Weaning Percent, %	\$17,654	Total Cull Cow Revenue, \$
550	Weaning Weight, <i>lbs.</i>	\$176.54	Total Cull Cow Revenue Per Brood Cow, <i>\$/hd.</i>
440	Pounds of Calf Production Per Brood Cow, <i>lbs.</i>	\$75,000	Total Calf Production Costs, \$
44,000	Total <i>lbs.</i> of Feeder Calves	\$750.00	Calf Production Costs Per Brood Cow, <i>\$/hd.</i>
\$2.25	Average Calf Market Price, <i>\$/lb.</i>	\$1.70	Breakeven Price, <i>\$/lb.</i>
\$99,000	Total Calf Revenue, \$		

Table 6. Sensitivity Analysis of 2015 Gross Revenue and Calf Production Costs

		Percent Change in Total Gross Revenue				
		-2%	-1%	0%	1%	2%
		Estimated Profit/Loss Per Brood Cow				
Percent Change in Calf Production Costs	-2%	(\$5)	\$5	\$15	\$25	\$35
	-1%	(\$12)	(\$2)	\$8	\$17	\$27
	0%	(\$20)	(\$10)	\$240	\$10	\$20
	1%	(\$27)	(\$17)	(\$8)	\$2	\$12
	2%	(\$35)	(\$25)	(\$15)	(\$5)	\$5

Table 7. Sensitivity Analysis of 2015 Gross Revenue and Calf Production Costs, 100 *hd.*

		Percent Change in Total Gross Revenue				
		-2%	-1%	0%	1%	2%
		Estimated Total Ranch Profit/Loss				
Percent Change in Calf Production Costs	-2%	\$23,520	\$24,510	\$25,500	\$26,490	\$27,480
	-1%	\$22,770	\$23,760	\$24,750	\$25,740	\$26,730
	0%	\$22,020	\$23,010	\$24,000	\$24,990	\$25,980
	1%	\$21,270	\$22,260	\$23,250	\$24,240	\$25,230
	2%	\$20,520	\$21,510	\$22,500	\$23,490	\$24,480

***Assumptions:**

100	Number of cows, <i>hd.</i>	\$92,654	Total Cow-Calf Production Costs, \$
80%	Weaning Percent, %	\$17,654	Total Cull Cow Revenue, \$
550	Weaning Weight, <i>lbs.</i>	\$176.54	Total Cull Cow Revenue Per Brood Cow, \$/ <i>hd.</i>
440	Pounds of Calf Production Per Brood Cow, <i>lbs.</i>	\$75,000	Total Calf Production Costs, \$
44,000	Total <i>lbs.</i> of Feeder Calves	\$750.00	Calf Production Costs Per Brood Cow, \$/ <i>hd.</i>
\$2.25	Average Calf Market Price, \$/ <i>lb.</i>	\$1.70	Breakeven Price, \$/ <i>lb.</i>
\$99,000	Total Calf Revenue, \$		

Table 7. Sensitivity Analysis of 2015 Gross Revenue and Calf Production Costs, 100 *hd.*

		Percent Change in Total Gross Revenue				
		-2%	-1%	0%	1%	2%
		Estimated Total Ranch Profit/Loss				
Percent Change in Calf Production Costs	-2%	(\$480)	\$510	\$1,500	\$2,490	\$3,480
	-1%	(\$1,230)	(\$240)	\$750	\$1,740	\$2,730
	0%	(\$1,980)	(\$990)	\$24,000	\$990	\$1,980
	1%	(\$2,730)	(\$1,740)	(\$750)	\$240	\$1,230
	2%	(\$3,480)	(\$2,490)	(\$1,500)	(\$510)	\$480

Table 6. Sensitivity Analysis of 2015 Gross Revenue and Calf Production Costs

		Percent Change in Total Gross Revenue				
		-10%	-5%	0%	5%	10%
		Estimated Profit/Loss Per Brood Cow				
Percent Change in Calf Production Costs	-10%	\$216	\$266	\$315	\$365	\$414
	-5%	\$179	\$228	\$278	\$327	\$377
	0%	\$141	\$191	\$240	\$290	\$339
	5%	\$104	\$153	\$203	\$252	\$302
	10%	\$66	\$116	\$165	\$215	\$264

***Assumptions:**

100	Number of cows, <i>hd.</i>	\$92,654	Total Cow-Calf Production Costs, \$
80%	Weaning Percent, %	\$17,654	Total Cull Cow Revenue, \$
550	Weaning Weight, <i>lbs.</i>	\$176.54	Total Cull Cow Revenue Per Brood Cow, \$/ <i>hd.</i>
440	Pounds of Calf Production Per Brood Cow, <i>lbs.</i>	\$75,000	Total Calf Production Costs, \$
44,000	Total <i>lbs.</i> of Feeder Calves	\$750.00	Calf Production Costs Per Brood Cow, \$/ <i>hd.</i>
\$2.25	Average Calf Market Price, \$/ <i>lb.</i>	\$1.70	Breakeven Price, \$/ <i>lb.</i>
\$99,000	Total Calf Revenue, \$		

Table 6. Sensitivity Analysis of 2015 Gross Revenue and Calf Production Costs

		Percent Change in Total Gross Revenue				
		-10%	-5%	0%	5%	10%
		Estimated Profit/Loss Per Brood Cow				
Percent Change in Calf Production Costs	-10%	(\$24)	\$26	\$75	\$125	\$174
	-5%	(\$62)	(\$12)	\$38	\$87	\$137
	0%	(\$99)	(\$50)	\$240	\$50	\$99
	5%	(\$137)	(\$87)	(\$38)	\$12	\$62
	10%	(\$174)	(\$125)	(\$75)	(\$26)	\$24

Table 7. Sensitivity Analysis of 2015 Gross Revenue and Calf Production Costs, 100 *hd.*

		Percent Change in Total Gross Revenue				
		-10%	-5%	0%	5%	10%
		Estimated Total Ranch Profit/Loss				
Percent Change in Calf Production Costs	-10%	\$21,600	\$26,550	\$31,500	\$36,450	\$41,400
	-5%	\$17,850	\$22,800	\$27,750	\$32,700	\$37,650
	0%	\$14,100	\$19,050	\$24,000	\$28,950	\$33,900
	5%	\$10,350	\$15,300	\$20,250	\$25,200	\$30,150
	10%	\$6,600	\$11,550	\$16,500	\$21,450	\$26,400

***Assumptions:**

100	Number of cows, <i>hd.</i>	\$92,654	Total Cow-Calf Production Costs, \$
80%	Weaning Percent, %	\$17,654	Total Cull Cow Revenue, \$
550	Weaning Weight, <i>lbs.</i>	\$176.54	Total Cull Cow Revenue Per Brood Cow, \$/ <i>hd.</i>
440	Pounds of Calf Production Per Brood Cow, <i>lbs.</i>	\$75,000	Total Calf Production Costs, \$
44,000	Total <i>lbs.</i> of Feeder Calves	\$750.00	Calf Production Costs Per Brood Cow, \$/ <i>hd.</i>
\$2.25	Average Calf Market Price, \$/ <i>lb.</i>	\$1.70	Breakeven Price, \$/ <i>lb.</i>
\$99,000	Total Calf Revenue, \$		

Table 7. Sensitivity Analysis of 2015 Gross Revenue and Calf Production Costs, 100 *hd.*

		Percent Change in Total Gross Revenue				
		-10%	-5%	0%	5%	10%
		Estimated Total Ranch Profit/Loss				
Percent Change in Calf Production Costs	-10%	(\$2,400)	\$2,550	\$7,500	\$12,450	\$17,400
	-5%	(\$6,150)	(\$1,200)	\$3,750	\$8,700	\$13,650
	0%	(\$9,900)	(\$4,950)	\$24,000	\$4,950	\$9,900
	5%	(\$13,650)	(\$8,700)	(\$3,750)	\$1,200	\$6,150
	10%	(\$17,400)	(\$12,450)	(\$7,500)	(\$2,550)	\$2,400



Are we getting better?

AND

Are we headed in the right
direction?

What are your 2015 Cow-Calf Economic Goals?

- Total Number of Brood Cows, *hd.* _____
- Total Production Costs, \$/year _____
- Total Cull Animal Revenue, \$/year _____
- Total Calf Production Costs, \$/year _____
- Pregnancy Percent, % _____
- Calving Percent, % _____
- Weaning Percent, % _____
- Weaning Weight, *lbs./calf* _____
- Projected Average Feeder Calf Price, \$/lb. _____
- Estimated Profit Per Brood Cow, \$/hd. _____
- Estimated Total Ranch Profit, \$/year _____



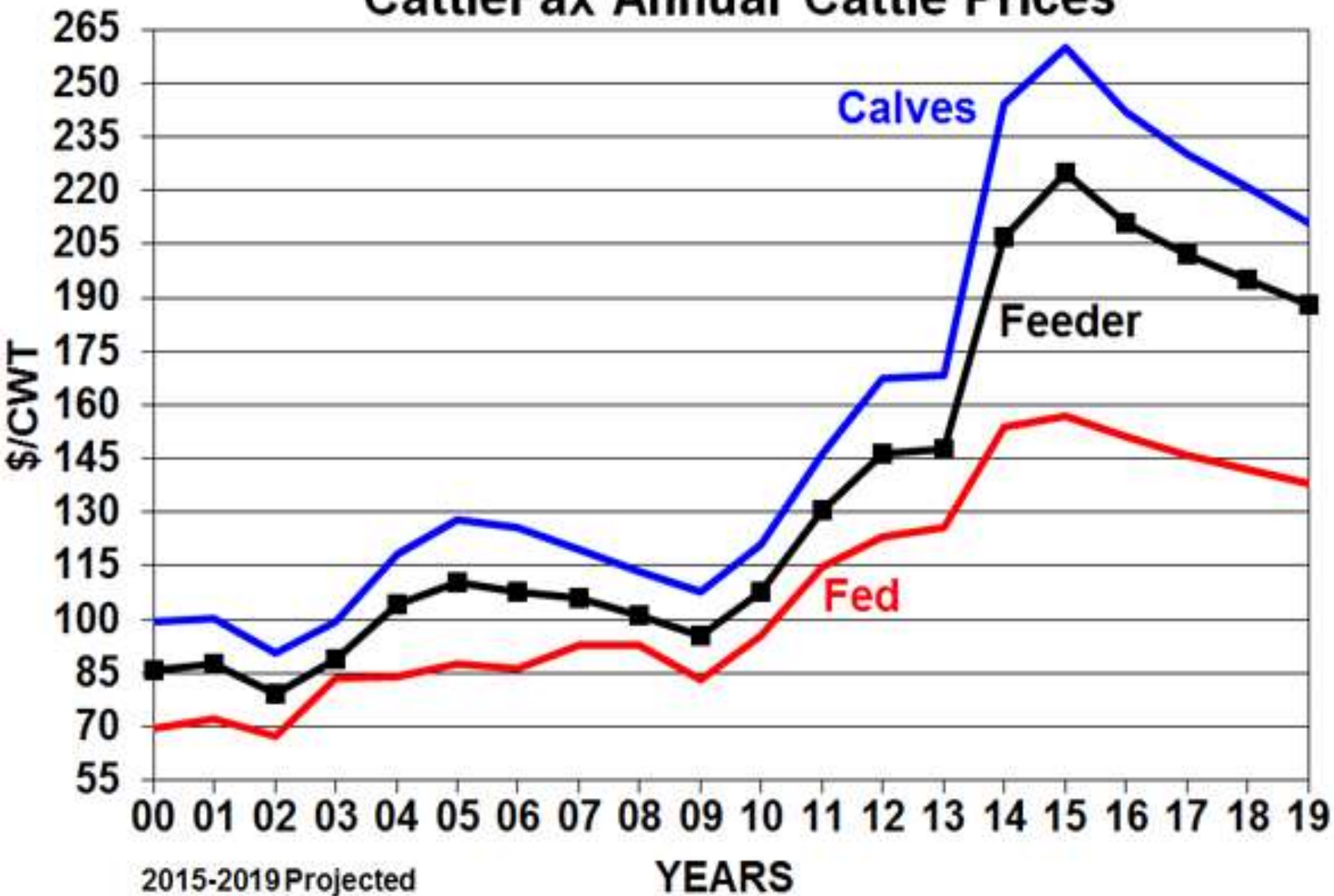
Projecting 2015 Cow-Calf Profitability

Summary

2015 Outlook Summary

- **Tight supplies and increasing beef demand will continue to be supportive of high cattle prices**
 - **Slightly higher prices than those that were seen in 2014.**
- **High Profits (*\$200 to \$400/hd.*)**
 - **Higher Cattle Prices won't necessary mean better profit potential for 2015...**
- **More Heifer Retention**
 - **Bearing any major droughts**
- **Next several years should be relatively good for cattle producers if they can stay ahead of input prices.**

CattleFax Annual Cattle Prices



Take Home Message

- We want to continue to look for ways to be more profitable.
 - Increase our Feeder Calf Market Price Received
 - Increase Average Weaning Weight
 - Increase Weaning Percent
 - Reduce or Control Total Cost of Production
 - Our “challenge” here is to reduce our pasture and feed costs without affecting the body condition and future reproductive performance of our cowherd.
 - Increase Cull Animal Revenue

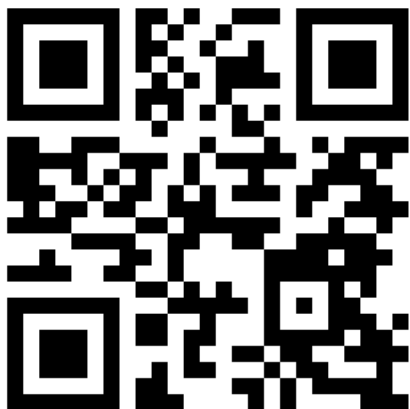


Southeast Cattle Advisor

www.secattleadvisor.com

For up to date information on:

- Beef cattle outlooks
- Marketing
- Production information



*Alabama A&M and
Auburn Universities*



A scenic view of a green pasture with a pond and a herd of cows grazing under a blue sky with clouds. The cows are scattered across the field, some near the water. The background features a line of trees and rolling hills.

Thank you!

Have a profitable 2015!