

Projected Cow-Calf Profits During the Four Phases of the Cattle Price Cycle	
Phase of Cattle Price Cycle	Projected Cow-Calf Profits/Losses
<ul style="list-style-type: none"> ➤ This is simply a projection about cow-calf profit trends based on the past history using a 12-year cattle price cycle. ➤ No one knows for certain the length of the four phases of the cattle price cycle. ➤ We will update this projection as time progresses and new economic information becomes available. 	

Projected Cow-Calf Profits During the Four Phases of the Cattle Price Cycle	
Phase of Cattle Price Cycle	Projected Cow-Calf Profits/Losses
Top of Price Cycle (2013-2015)	
Downward Price Transition (2015-2019?)	
Bottom of Price Cycle (2019-2021?)	
Upward Price Transition (2021-2024?)	

Projected Cow-Calf Profits During the Four Phases of the Cattle Price Cycle	
Phase of Cattle Price Cycle	Projected Cow-Calf Profits/Losses
Top of Price Cycle (2013-2015)	Significant Profits
Downward Price Transition (2015-2019?)	Profits/Losses Declining Profitability
Bottom of Price Cycle (2019-2021?)	Significant Losses
Upward Price Transition (2021-2024?)	Profits/Losses Improving Profitability



Forage Economics

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2017 Ona's Cattlemen's College
Orlando Buena Vista Palace, Orlando, Florida
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The Economics of Grazing Forages

We all know that improved forage stand density, increased forage quality, and increased forage quantity are important

...but so is the cost of forage production!

The Economics of Grazing Forages

•Key Economic Factors

- Cost of Production Per Acre, \$/acre
- Dry Matter Production/Acre, DM/acre
- Percent Utilization of Forage, %

Estimated Cost of Forage Consumed Per Dry Matter Ton*											
		Cost of Forage Production Per Acre									
		\$100	\$125	\$150	\$175	\$200	\$225	\$250	\$275	\$300	
Tons DM Produced Per Acre	Tons DM Consumed Per Acre*	Cost of Forage Consumed Per DM Ton									
4.0	2.4	\$42	\$52	\$63	\$73	\$83	\$94	\$104	\$115	\$125	
4.5	2.7	\$37	\$46	\$56	\$65	\$74	\$83	\$93	\$102	\$111	
5.0	3.0	\$33	\$42	\$50	\$58	\$67	\$75	\$83	\$92	\$100	
5.5	3.3	\$30	\$38	\$45	\$53	\$61	\$68	\$76	\$83	\$91	
6.0	3.6	\$28	\$35	\$42	\$49	\$56	\$63	\$69	\$76	\$83	
6.5	3.9	\$26	\$32	\$38	\$45	\$51	\$58	\$64	\$71	\$77	
7.0	4.2	\$24	\$30	\$36	\$42	\$48	\$54	\$60	\$65	\$71	
7.5	4.5	\$22	\$28	\$33	\$39	\$44	\$50	\$56	\$61	\$67	
8.0	4.8	\$21	\$26	\$31	\$36	\$42	\$47	\$52	\$57	\$63	
8.5	5.1	\$20	\$25	\$29	\$34	\$39	\$44	\$49	\$54	\$59	
9.0	5.4	\$19	\$23	\$28	\$32	\$37	\$42	\$46	\$51	\$56	

*Assumes forage utilization is 60 percent of total production per acre.

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Cost of Forage Consumed Per DM Ton
< \$25 Per DM Ton
\$25-\$49 Per DM Ton
\$50-\$74 Per DM Ton
\$75 + Per DM Ton

A Cost Comparison of Using Hay and Stockpiled Forages			
Winter Feeding Costs	Hay and Supplement	Stockpiled Grazing and Supplement	Difference
	(Dollars Per Brood Cow)		
Warm Season Perennial Grass Pasture	\$30	\$30	\$0
Cool Season Perennial Grass Pasture	\$0	\$0	\$0
Stockpiled Warm Season Grass Pasture	\$0	\$105	(\$105)
Stockpiled Cool Season Grass Pasture	\$0	\$0	\$0
Cool Season Annual Grass Pasture	\$0	\$0	\$0
Hay	\$271	\$23	\$247
Supplement	\$63	\$63	\$0
Mineral	\$11	\$11	\$0
Dollars Per Brood Cow	\$374	\$232	\$142

Assumptions:
136 Day Winter Feeding Period (Nov. 1 to March 15)

Forage and Hay Outlook

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Range Cattle Research and Education Center
2017 Southern Outlook Conference
September 26, 2017

Southern 14 States Total Hay Production, 2012-2016.					
(tons)					
Item	2012	2013	2014	2015	2016
Total 14 States	41,237,000	47,334,000	48,640,000	45,909,000	47,768,000
Change from Base	Base	6,097,000	7,403,000	4,672,000	6,531,000
% Change from Base	Base	14.8%	18.0%	11.3%	15.8%
Change from a year-ago	Base	6,097,000	1,306,000	-2,731,000	1,859,000
% Change from a year-ago	Base	14.8%	2.8%	-5.6%	4.0%

Major Factors Affecting 2017 Hay Production In The Southern 14 States

1. Excessive rainfall in several states has adversely impacted the quantity and quality of hay production.

2. Hurricanes Harvey and Irma adversely impacted hay production, harvest, and storage in several states.

3. Increased use of hay for livestock in areas affected by hurricanes due to grazing losses.

These factors will likely contribute to higher hay prices in the Southern 14 States during 2017-2018.

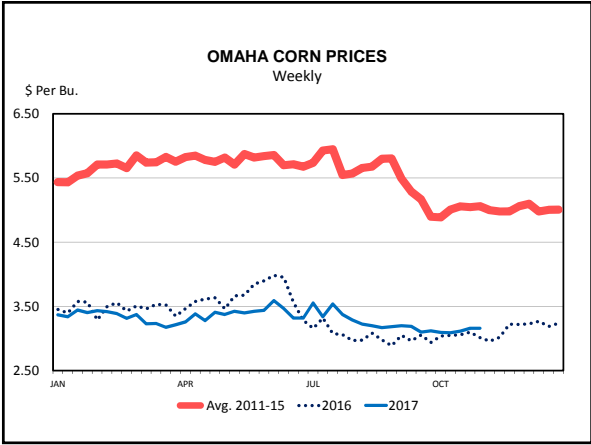
Southern 14 States Hay Production 2012-2016 Average vs. 2017 Projected

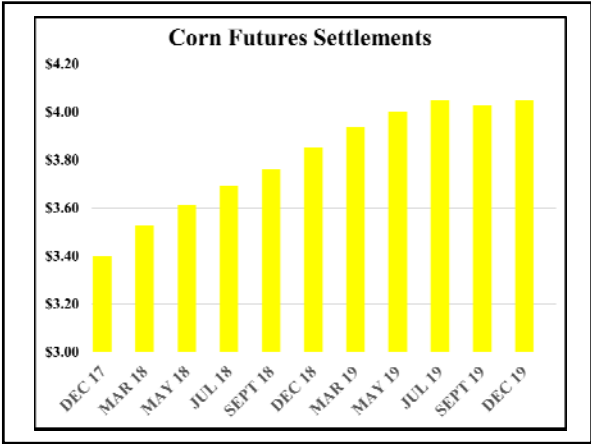
State	2012-2016 Average Tons	2017 Percent Adjustment	2017 Projected Hay Tons
ALABAMA	2,042,800	-10.0%	1,838,520
ARKANSAS	2,337,200	0.0%	2,337,200
FLORIDA	782,800	-25.0%	587,100
GEORGIA	1,465,800	-10.0%	1,319,220
KENTUCKY	5,190,400	0.0%	5,190,400
LOUISIANA	1,104,400	-15.0%	938,740
MISSISSIPPI	1,641,400	-10.0%	1,477,260
MISSOURI	6,613,000	0.0%	6,613,000
NORTH CAROLINA	1,819,600	0.0%	1,819,600
OKLAHOMA	5,344,800	0.0%	5,344,800
SOUTH CAROLINA	638,200	-10.0%	574,380
TENNESSEE	3,938,000	0.0%	3,938,000
TEXAS	10,449,000	-10.0%	9,404,100
VIRGINIA	2,810,200	0.0%	2,810,200
Estimates	46,177,600	-1,985,080 -4.3%	44,192,520

Let's Talk About Value of Gain



**WHO WANTS
\$8 CORN?**



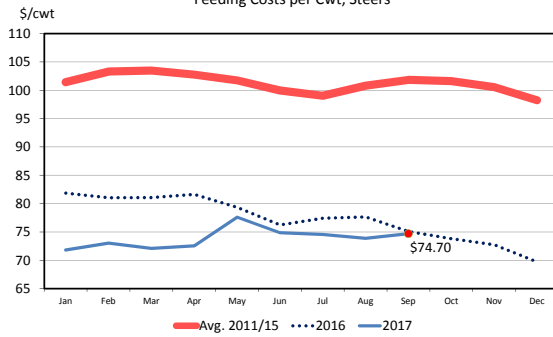


Corn Prices Impact The Forage Value of Gain

- Cheap corn keeps “Cost of Gain” low in the feedlot and limits the “Value of Gain” for Stocker and Cow-Calf Operators who are looking at putting on additional pounds on grass.

**Assuming that corn continues to be the benchmark to value feedstuffs*

KANSAS FEEDLOT CLOSEOUTS
Feeding Costs per Cwt, Steers



VALUE OF GAIN, Feedlot Proj.

- 800 lbs. Feeder Steers
 - November @ \$158/cwt. = \$1,264
- 1,350 lbs. Live Cattle
 - April @ \$126/cwt. = \$1,701
- \$1,701 - \$1,264 = \$437
- 1,350 lbs. - 800 lbs. = 550 lbs. of Gain
- \$437/550 lbs. of Gain = \$0.79 Value of Gain (VOG)

Current Research Projects



New 2018 Research Projects

Alfalfa



Warm-Season
Annual Forages



Cow-Calf Producers Need to:

- Continue to wage war on forage and feeding costs (focus on mgt. & resources)
- Prepare for the next drought...



Stocker Producers

- Current Avg. “Value of Gain” of **\$0.50-\$0.75/lb.** isn’t very appealing.
- Producers must either...
 - Find ways to **lower their cost of gain** (focus on most productive forage sites, procure stockers with a higher level of performance, lower health risks, etc.)
 - **Get Lucky** when they bet on the improving market prices and calf gains to enhance VOG

Thank You For Your Attention
Have a profitable 2017!