The August 2021 Feeder Cattle futures contract decreased by $2.55/cwt. during October. Based on this futures price decrease, August Feeder Cattle revenues decreased by approximately $20.40/head ($2.55/cwt. * 8.0 cwt.) on an 800-pound feeder steer which amounts to $1,275.00/truckload (50,000 lbs.). The August Feeder Cattle futures contract high, contract low, and price range since September 2020 are $147.27, $135.80, and $11.47/cwt., respectively. The price range of $11.47/cwt. on an 800-pound feeder steer totals $91.76/head and $5,735.00/truckload.

Figure 1. August Feeder Cattle Futures Prices (CME)

The breakeven price was estimated to be $726.57/head or $132.10/cwt. ($726.57/head divided by 5.50 cwt.). The breakeven price includes variable and fixed production costs of $421/head and $305/head, respectively.

The price objective was estimated to be $876.41/head or $159.35/cwt. ($876.41/head divided by 5.50 cwt.). The price objective includes production costs of $726/head, family living withdrawal ($100/head), and growth capital/retirement ($50/head).

The expected cash price is equal to the daily August 2021 Feeder Cattle futures closing price plus an expected August 2021 South Florida 550 lb. Feeder Calf Basis of $3/cwt.