

The August 2018 Feeder Cattle futures contract decreased by $1.84/cwt. during August. Based on this futures price decrease, August Feeder Cattle revenues decreased by approximately $14.72/head ($1.84/cwt. * 8.0 cwt.) on an 800-pound feeder steer which amounts to $920.00/truckload (50,000 lbs.). The August Feeder Cattle futures contract high, contract low, and price range since September 2017 are $159.10, $139.80, and $22.38/cwt., respectively. The price range of $22.38/cwt. on an 800-pound feeder steer totals $179.00/head and $11,190.00/truckload.

Figure 1. August Feeder Cattle Futures Prices (CME)

The breakeven price was estimated to be $714.13/head or $129.84/cwt. ($714.13/head divided by 5.50 cwt.). The breakeven price includes variable and fixed production costs of $419/head and $295/head, respectively.

The price objective was estimated to be $864.36/head or $157.16/cwt. ($864.36/head divided by 5.50 cwt.). The price objective includes production costs of $714/head, family living withdrawal ($100/head), and growth capital/retirement ($50/head).

The expected cash price is equal to the daily August 2018 Feeder Cattle futures closing price plus an expected August 2018 South Florida 550 lb. Feeder Calf Basis of $2/cwt.