2024 Cost of Production Beef Backgrounding



RIM PLANONIT



Guidelines For Estimating Beef Backgrounding Costs For Weight Range of 500 - 900 lbs Based on 500 Head

Date: September, 2023

This guide is designed to provide you with planning information and a format for calculating costs of production of a backgrounding feeder calf enterprise in Manitoba. General Manitoba Agriculture recommendations are assumed in using feed and veterinary inputs. These figures provide an economic evaluation of the livestock and estimated prices required to cover all costs. Costs include labour, investment and depreciation, but do not include management costs, nor do they necessarily represent the average cost of production in Manitoba.

Backgrounding generally refers to the feeding of calves from weaning until they are put onto a high concentrate finishing ration. An example of a typical backgrounding operation would be, feed 500 pound steers to gain 1.5 to 2.5 pounds per day for approximately 100-200 days to produce 800 to 900 pound backgrounded feeders.

These budgets may be adjusted by putting in your own figures. As a producer you are encouraged to calculate your own costs of production. Good management is assumed in that a balanced ration is being fed, livestock are on a herd health program and handling facilities are included.

This tool is available as an Excel worksheet at:



<u>The Farm Machinery Custom and Rental Rate Guide</u> determine machinery costs. is also available to help

Note: This budget is only a guide and is not intended as an in-depth study of the cost of production of this industry. Interpretation and use of this information is the responsibility of the user. If you need help with a budget, contact a Farm Management Specialist.

Return on Investment (ROI)

Estimated Return on Asset (ROA)

A. Operating Costs Cost/Head Total Cost Your Cost 1. Peed Costs 1 Atfafa Grass Hay (57.8 % TDN, 13.7 % CP) \$48.00 \$24.000	Backgrounding Cattle Produc Based on 500 feeders, weight range 5			
1. Fred Costs 9 1.01 Alfa Grass Hay (57.8 % TDN, 13.7 % CP) \$91.77 \$\$44.910 1.02 Corn Silage (65.2 % TDN, 87 % CP) \$91.77 \$\$44.910 1.03 Barley Grain (83.1 % TDN, 12.6 % CP) \$100.600 \$\$33.388 1.04 Barley Grain (83.1 % TDN, 12.6 % CP) \$100.600 \$\$33.388 1.06 Straw \$0.000 \$\$0 1.08 DGS Com/Wheet (77 % TDN, 35.6 % CF) \$0.000 \$\$0 1.08 DGS Com/Wheet (77 % TDN, 35.9 % CP) \$\$20.67 \$10.500 1.09 11 Premix \$\$0.000 \$\$0 1.10 21 Premix \$\$0.000 \$\$0 1.112 Other \$\$25.60 \$\$11.905.25 \$982.625 2.01 Feeder Cost \$\$1.965.25 \$982.625 \$\$2.00 2.02 Straw \$\$22.40 \$\$11.200 \$\$2.576 2.03 Veterinary Medicine & Supplies \$\$25.76 \$\$12.880 \$\$2.607 2.04 Annual Fuel & Repair Costs \$\$1.944 \$\$820 \$\$2.77	A. Operating Costs	Cost/Head	Total Cost	Your Cost
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Cost per Ib of gain sold (\$/cwt)Marginal Returns per head @ \$330/cwt market priceFeed Costs\$83.93\$602.60Operating Costs\$154.82\$353.41Operating Costs & Labour\$162.06\$326.41Operating & Fixed Costs\$163.97\$319.28			\$293.43	
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Operating Costs & Labour \$162.06 \$326.41 Operating & Fixed Costs \$163.97 \$319.28				
Operating & Fixed Costs \$163.97 \$319.28				·
Total Costs \$171.21 \$292.28	Operating & Fixed Costs			
	Total Costs	\$171.21	\$292.28	

Note: This budget is only a guide and is not intended as an in-depth study of the cost of production of this industry. Interpretation and utilization of this information is the responsibility of the user. No liability for decisions based on this publication is assumed.

11.3%

78.2%

Risk & Sensitivity Analysis (Stress Test)

Percent Market Price Change	-10.0%
Percent Feed Cost Change	5.0%
Percent Feeder Cost Change	5.0%

	Per Head
Market Price (\$ per cwt)	\$297.00
Feed Cost	\$328.70
Feeder Cost	\$2,063.51

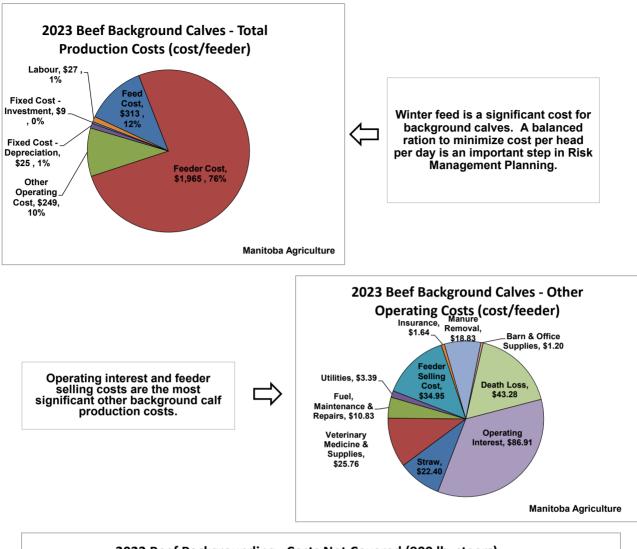
Stress Test Scenario = Market Price Down 10%, Feed Price Up 5% and Feeder Cost Up 5%

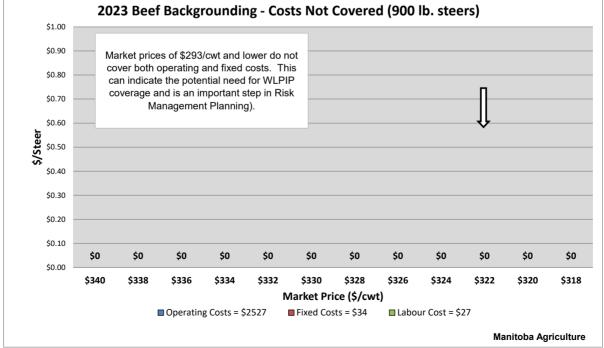
Operating Costs	\$2,641.41
Total Costs	\$2,702.54
Gross Revenue / feeder	\$2,592.81
Marginal Returns	
Over Operating Costs	(\$48.59)
Over Operating & Labour Costs	(\$75.59)
Over Total Costs (Net Profit)	(\$109.73)
Operating Expense Ratio	101.9%

Estimated Breakeven Canadian Dollar Analysis										
	Est. Market Price (\$/cwt Cdn) @ 0.7500 Cdn per USD									
	\$320.00	\$325.00	\$330.00	\$335.00	\$340.00					
Breakeven CDN Dollar (\$1 Cdn = \$ I	USD)									
Operating Costs	0.8290	0.8419	0.8549	0.8678	0.8808					
Operating & Labour Costs	0.8202	0.8330	0.8458	0.8586	0.8715					
Operating, Fixed & Labour Costs	0.8094	0.8220	0.8347	0.8473	0.8600					

Breakeven Canadian Dollar = (Est. Market Price (\$/lb) x Shrunk Wt. (lbs) x \$ Cdn per USD) / Cost (eg. (\$3.30 x 873 lbs x \$0.7500) / \$2588.62) = \$0.8347

Note: This budget is only a guide and is not intended as an in depth study of the cost of production of this industry. Interpretation and utilization of this information is the responsibility of the user.





Backgrounding Feeder Cattle Production Costs

Assumptions

- 1. This budget outlines the cost of production for backgrounding cattle.
- 2. Buildings and equipment are valued at new cost.
- 3. All feed is purchased.

Herd Profile

Number of Feeders Purcha Feeder Cattle Mortality Rat Feeder Purchased Weight Feeder Cattle Price Finish Weight (Maximum 9 Feeder Selling Price (WLP \$1 Canadian Dollar WLPIP Insurance Premium Percent Shrink at Sale	e 00 lbs.) IP insured va (\$1.	alue) 3333 CDN)	500 2.00 500 \$390.00 900 \$330.00 \$0.7500 \$0.00 3.00	head % Ibs /cwt Ibs /cwt / \$1 USD /cwt %	
Average Daily Gain			2.50	lbs/day	
Type of Feed Ration			Corn Silage		
<u>Weight Range</u> 500 to 600 lbs. 600 to 700 lbs. 700 to 800 lbs. 800 to 900 lbs. TOTAL	<u>Days on F</u> 40 40 40 <u>40</u> 160	eed	Feed Cost <u>\$/Steer/Day</u> \$1.667 \$1.902 \$2.047 \$2.214		
Total Feed Cost per Steer Average Feed Cost per Da Feed Cost per lb. of Gain S		weight)	\$313.04 \$1.96 \$0.839	/head	
Total Pounds of Gain Total Pounds of Gain (Shru	ınk Weight)		400 373	lbs lbs	
	,			(Analysia Aaa	
Feed Costs	\$/unit	<u>lbs/Unit</u>	<u>\$/Ib</u>	(Analysis Ass TDN	umea) <u>CP</u>
Alfalfa Grass Hay	\$120.00	2,000	0.060	57.8%	13.79
Corn Silage	\$45.00	2,000	0.023	65.2%	8.79
Barley Silage	\$55.00	2,000	0.028	63.0%	11.09
Barley Grain	\$6.25	48	0.130	83.1%	12.59
Greenfeed	\$120.00	2,000	0.060		
Straw	\$70.00	2,000	0.035		
32-20% Feedlot Suppl.	\$500	2,205	0.227	61.7%	35.69
DDGS Corn/Wheat	\$350	2,205	0.159	77.0%	33.99
1:1 Premix	\$50.00	55	0.909		
2:1 Premix	\$50.00	55	0.909		
Limestone	\$20.00	55	0.364		
Others	***	0 000	0.000		

<u>CP</u> 13.7% 8.7% 11.0% 12.5%

35.6% 33.9%

FOOTNOTE: 1 bushel (bu) barley = 48 lbs = 21.8 kg 1 kilogram (kg) = 2.2046 pounds (lbs)

Other

\$0.00

2,000

0.000

1 tonne (t) = 1,000 kg

Other Operating Costs

Feeder Purchase Costs		
Buying Commission	\$5.00	/head
Trucking-in	\$1.70	/cwt
Insurance fee	\$1.75	/head
Straw Bedding		
lbs/day		/head
cost	\$70.00	/ton
Veterinary Medicine & Supplies Cattle Medication		
IBR,BVD,PI3,BRSV, Pasteurella	\$5.00	/head
Vitamin A-D	\$0.50	/head
External & Internal Parasites	\$0.72	/head
Blackleg & Haemophilus	\$1.26	/head
Growth Implants	\$2.00	
Antibiotics	\$15.00	/head
Herd Health Program		
Professional Services	2.00	haura
Total Yearly Hours Rate	\$160.00	hours
Transportation	\$160.00	mour
Total Kilometres (round trip)	80.0	km
Rate	\$1.00	
Number of Yearly Visits	2	
 Annual Fuel & Repair Costs a) Machinery Fuel Costs - Winter Feeding Tractor with Loader PTO hp Diesel Fuel Cost Tractor Hours Per Day (average) b) Machinery Repair (% of investment cost) c) Building maintenance (% of investment cost) 	120 \$1.40 1.50 1.2 2.2	/litre hours %
Utilities		
Hydro - Rate	\$0.09324	/ kWh
12 kWh per feeder	\$559.44	
2 1000 watt waterer	\$537.06	
Total Hydro	\$1,096.50	
Telephone	\$600.00	
Trucking Cost Average Weight	900	lbs/head
Distance		miles
Rate		/loaded mile
Truck Capacity		lbs/load
Number of head per load - calves		per load
Marketing Cost		
MBP/NCO Levy \$/Head	\$5.50	/head
Commission on Sales	\$20.00	
Market Value	\$330.00	/cwt

Manure Removal			
Manure volume produced	0.024 r	n ³ /feeder/day	
Manure volume shrinkage	75 9	%	
Cost for manure removal & application	\$15.00 /	cubic yard	
Insurance			
Cost per \$100 Capital Invested in			
a) Livestock	\$0.00 /		
 b) Building & Equipment 	\$0.40 /		
Additional Coverage for Liability	\$49.00 /	year	
Barn & Office Supplies			
Total yearly expense relating to barn	\$600.00		
Operating Interest Rate	9.00	%	
Investment Interest Rate	4.00	%	
FOOTNOTE: cwt = hundred-weight = 100 lbs			
Capital Costs	Original	Salvage	Useful
	<u>Value</u>	<u>Value</u>	Life
Buildings,Corrals & Water System			
Windbreak fence	\$6,300	10 %	20 y
Pens	\$5,300	10 %	ز <mark>20</mark> ک
Handling Facilities	\$7,500	10 %	ز <mark>20</mark> ک
Waterers	\$6,000	10 %	20 y
Gates	\$2.000	10 %	20 \

rianaling r aointeo	ψι,σσσ	10 /0	Lo youro
Waterers	\$6,000	10 %	20 years
Gates	\$2,000	10 %	20 years
Feeders	\$1,500	10 %	20 years
Bunk Feeders	\$21,000	10 %	20 years
Well & Pressure System	\$8,000	10 %	20 years
Grain Bin	\$5,000	10 %	20 years
Landscaping	\$17,500	10 %	20 years
Total	\$80,100		
Machinery & Equipment			
Tractors & Loader (\$175,000 @ 30%)	\$52,500	20 %	10 years
Miscellaneous	\$60,000	20 %	10 years
Total Investment	\$192,600		
Labour Costs		<u>Total</u>	

Hours/Head Labour Rate

1.0 hours **\$27.00** /hour

20 years 20 years 20 years

Guidelines: Background Cattle Production Costs

Feed Costs & Requirements Worksheet

Total Days on Feed = 160 days @ 2.5 lbs. Average Daily Gain (ADG) Per Day

					Barle	ey Silage Ra	tion				
Weight Range (lbs)				500 to 600	600 to 700	700-800	800-900			Total Units	Total Feed
Days on Feed				40	40	40	40	Total lbs	Feed Cost	Required	Cost
Feed Name	\$/unit	lbs/Unit	\$/lb		As Fed Lbs	s/Head/Day		/steer	\$/steer	(500 steers)	(500 steers)
Alfalfa Grass Hay	\$120.00	2000	\$0.060	3	3	2.5	2	420	\$25.20	105	\$12,600.00
Corn Silage	\$45.00	2000	\$0.023	0	0	0	0	0	\$0.00	0	\$0.00
Barley Silage	\$55.00	2000	\$0.028	23	25.75	29.25	32.5	4,420	\$123.76	1,105	\$60,775.00
Barley Grain	\$6.25	48	\$0.130	5	6	7	8	1,040	\$135.20	10,834	\$67,712.50
Greenfeed	\$120.00	2000	\$0.060	0	0	0	0	0	\$0.00	0	\$0.00
Straw	\$70.00	2000	\$0.035	0	0	0	0	0	\$0.00	0	\$0.00
32-20% Feedlot Suppl.	\$500.00	2205	\$0.227	0	0	0	0	0	\$0.00	0	\$0.00
DDGS Corn/Wheat	\$350.00	2205	\$0.159	0	0	0	0	0	\$0.00	0	\$0.00
1:1 Premix	\$50.00	55	\$0.909	0.25	0.27	0.3	0.32	46	\$41.81	419	\$20,950.00
2:1 Premix	\$50.00	55	\$0.909	0	0	0	0	0	\$0.00	0	\$0.00
Limestone	\$20.00	55	\$0.364	0.06	0.085	0.11	0.13	15	\$5.46	137	\$2,740.00
Other	\$0.00	2000	\$0.000	0	0	0	0	0	\$0.00	0	\$0.00
		\$/he	ad/day	\$1.723	\$1.957	\$2.192	\$2.408		\$331.43		\$164,777.50

					Cor	n Silage Rat	ion				
Weight Range (lbs)				500 to 600	600 to 700	700-800	800-900			Total Units	Total Feed
Days on Feed				40	40	40	40	Total lbs	Feed Cost	Required	Cost
Feed Name	\$/unit	lbs/Unit	\$/lb		As Fed Lbs	s/Head/Day		/steer	\$/steer	(500 steers)	(500 steers)
Alfalfa Grass Hay	\$120.00	2000	\$0.060	5	5	5	5	800	\$48.00	200	\$24,000.00
Corn Silage	\$45.00	2000	\$0.023	19	22	27	31.75	3,990	\$91.77	998	\$44,910.00
Barley Silage	\$55.00	2000	\$0.028	0	0	0	0	0	\$0.00	0	\$0.00
Barley Grain	\$6.25	48	\$0.130	4	5	5.5	6	820	\$106.60	8,542	\$53,387.50
Greenfeed	\$120.00	2000	\$0.060	0	0	0	0	0	\$0.00	0	\$0.00
Straw	\$70.00	2000	\$0.035	0	0	0	0	0	\$0.00	0	\$0.00
32-20% Feedlot Suppl.	\$500.00	2205	\$0.227	0	0	0	0	0	\$0.00	0	\$0.00
DDGS Corn/Wheat	\$350.00	2205	\$0.159	1	1	0.75	0.5	130	\$20.67	30	\$10,500.00
1:1 Premix	\$50.00	55	\$0.909	0	0	0	0	0	\$0.00	0	\$0.00
2:1 Premix	\$50.00	55	\$0.909	0.25	0.28	0.285	0.315	45	\$40.91	410	\$20,500.00
Limestone	\$20.00	55	\$0.364	0.065	0.09	0.09	0.105	14	\$5.10	128	\$2,560.00
Other	\$0.00	2000	\$0.000	0	0	0	0	0	\$0.00	0	\$0.00
		\$/he	ead/day	\$1.667	\$1.902	\$2.047	\$2.214		\$313.04		\$155,857.50

					Alfalfa	Grass Hay I	Ration				
Weight Range (Ibs)				500 to 600	600 to 700	700-800	800-900			Total Units	Total Feed
Days on Feed				40	40	40	40	Total lbs	Feed Cost	Required	Cost
Feed Name	\$/unit	lbs/Unit	\$/lb		As Fed Lbs	s/Head/Day		/steer	\$/steer	(500 steers)	(500 steers)
Alfalfa Grass Hay	\$120.00	2000	\$0.060	11.25	12.5	14	15	2,110	\$126.60	528	\$63,360.00
Corn Silage	\$45.00	2000	\$0.023	0	0	0	0	0	\$0.00	0	\$0.00
Barley Silage	\$55.00	2000	\$0.028	0	0	0	0	0	\$0.00	0	\$0.00
Barley Grain	\$6.25	48	\$0.130	6.75	7.8	8.7	9.7	1,318	\$171.34	13,730	\$85,812.50
Greenfeed	\$120.00	2000	\$0.060	0	0	0	0	0	\$0.00	0	\$0.00
Straw	\$70.00	2000	\$0.035	0	0	0	0	0	\$0.00	0	\$0.00
32-20% Feedlot Suppl	\$500.00	2205	\$0.227	0	0	0	0	0	\$0.00	0	\$0.00
DDGS Corn/Wheat	\$350.00	2205	\$0.159	0	0	0	0	0	\$0.00	0	\$0.00
1:1 Premix	\$50.00	55	\$0.909	0.25	0.27	0.31	0.33	46	\$41.81	419	\$20,950.00
2:1 Premix	\$50.00	55	\$0.909	0	0	0	0	0	\$0.00	0	\$0.00
Limestone	\$20.00	55	\$0.364	0	0	0	0	0	\$0.00	0	\$0.00
Other	\$0.00	2000	\$0.000	0	0	0	0	0	\$0.00	0	\$0.00
		\$/he	ead/day	\$1.780	\$2.009	\$2.253	\$2.461		\$339.75		\$170,122.50

Feed Summary - 160 Days **Total Feed Cost** Feed Cost per lb. of Gain Sold (shrunk per Steer Average Feed Cost/Day weight) **Barley Silage Ration** \$0.8886 \$331.43 \$2.071 **Corn Silage Ration** \$313.04 \$1.957 \$0.8393 Alfalfa Grass Hay Ration \$339.75 \$2.123 \$0.9109

Note: The suggested feed rations above were formulated using Cowbytes Beef Ration Balancer software with no included allowance for wastage during feeding. Feed ration quantity and costs should be adjusted accordingly. If you need help with a budget, contact your local Manitoba Agriculture office.

Backgrounding Cattle Production Cost Worksheet

Assumptions

- 1. Average daily gain (ADG) was assumed to be 2.5 lbs/day.
- 2. It was assumed the feeder steer weighed in at 500 lbs shrunk weight, and was raised to 900 lbs (873 lbs after 3 % shrink).
- 3. Days on feed was 160.
- 4. Investment in facilities and equipment was assumed to handle 500 head.

A. Operating Costs

```
Your Cost
```

1. Feed Costs				
1.01 Alfalfa Gras	s Hay (57.8 % TD	N, 13.7 % CP)		
	800.0	lbs/feeder		
x	<u>\$0.060</u>	<u>\$/lb</u>		
=	\$48.00	/feeder		
1.02 Corn Silage				
	3,990.0			
X	<u>\$0.023</u>	<u>\$/lb</u>		
=	\$91.77	/feeder		
1.03 Barley Silag	ae (63 % TDN, 11	% CP)		
	0.0	lbs/feeder		
x	\$0.028	\$/lb		
=	\$0.00			
1.04 Barley Grain	n (83.1 % TDN, 12	2.5 % CP)		
	820.0			
x	<u>0.130</u>	<u>\$/lb</u>		
=	\$106.60	/feeder		
1.05 Greenfeed				
	0.0	lbs/feeder		
<u>×</u>	<u>0.060</u>	<u>\$/lb</u>		
=	\$0.00	/feeder		
1.06 Straw				
	0.0	lbs/feeder		
<u>x</u>	<u>0.035</u>	<u>\$/lb</u>		
=	\$0.00	/feeder		
1.07 32-20% Feedlot Suppl. (61.7%TDN, 35.6%CP)				
	0.0	lbs/feeder		
<u>×</u>	<u>0.227</u>	<u>\$/lb</u>		
=	\$0.00	/feeder		
1.08 DDGS Corn/Wheat (77 % TDN, 33.9 % CP)				
	130.0	lbs/feeder		
<u>x</u>	<u>0.159</u>	<u>\$/lb</u>		
=	\$20.67	/feeder		
	+=0.01			
1.09 1:1 Premix				
	0.0	lbs/feeder		
<u>x</u>	0.909	\$/Ib		
	<u></u>	<u></u>		

=	\$0.00	/feeder	
1.10 2:1 Premix			
	45.0	lbs/feeder	
X	0.909	<u>\$/Ib</u>	
=	\$40.91	/feeder	
1.11 Limestone			
	14.0	lbs/feeder	
×	<u>0.364</u>	<u>\$/lb</u>	
=	\$5.10	/feeder	
1.12 Other			
	0.0	lbs/feeder	
X	<u>0.000</u>	<u>\$/lb</u>	
=	\$0.00	/feeder	
0. Other Orienting Ocete			
2. Other Operating Costs 2.01 Feeder Cattle Cos	•		
Commission	\$5.00	/feeder	
Insurance	\$3.00 \$1.75	/feeder	
modianoo	φ1.70	, loodol	
Trucking-in	\$1.70	/cwt	
x	500	lbs/feeder	
<u>+</u>	<u>100</u>	<u>lbs/cwt</u>	
=	\$8.50	/feeder	
Feeder	500	lbs/feeder	
X	\$390.00	/cwt	
	4090.00 <u>100</u>	lbs/cwt	
<u>+</u> =	\$1,950.00	/feeder	
Total =	\$1,965.25	/feeder	
2.02 Straw			
	4.00	lbs/feeder/day	
x	160.00	days on feed	
X	<u>\$70.00</u>	<u>/ton</u>	
=	\$22.40	/feeder	
2.03 Veterinary Medicin	e & Supplies		
Cattle Medication	¢5.00		
+	\$5.00 \$0.50	IBR,BVD,PI3,BRSV,Pasteurella Vitamin A-D	
+	\$0.50 \$0.72	External & Internal Parasites	
+	\$1.26	Blackleg & Haemophilus	
+	\$2.00	Growth Implants	
<u>+</u>	<u>\$15.00</u>	Antibiotics	
=	\$24.48	/feeder	
Herd Health Program			
Professional Services			
	\$160.00	/hour charge	
x	3.00	hours	
<u>+</u> =	<u>500.00</u>	feeder cattle	
=	\$0.96	/feeder	

Transportation Costs			
	\$1.00	/km charge	
х	80	kilometres	
Х	2	visits	
÷	<u>500</u>	feeder cattle	
=	\$0.32	/feeder	
Total =	\$25.76	/feeder	
2.04 Annual Fuel & Re	epair Costs		
Machinery fuel cost			
·	120	PTO hp	
÷	2.5	avg HP required	
Х	0.1665576	litres fuel/hour/hp	
Х	1.5	hours per day	
Х	\$1.40	diesel / litre	
<u>x</u>	<u>160</u>	days on feed	
	\$2,686.24	annual fuel cost	
<u>+</u> =	<u>500.00</u>	feeders	
	\$5.37	/feeder	
Machinery repair & mair		machinery appital appt	
v	\$112,500 <u>1.20</u>	machinery capital cost % repair rate	
<u>×</u> =	\$1,350.00	oil, repairs & maintenance	
	<u>500.00</u>	feeders	·
<u>+</u> =	\$2.70	/feeder	
Building repair & mainte	+ -		
	\$62,600	building capital cost	
<u>x</u>	2.20	% repair rate	
=	\$1,377.20	oil, repairs & maintenance	
÷	500.00	feeders	
=	\$2.75	/feeder	
=	\$10.83	/feeder	
			
2.05 Utilities			
	\$1,696.50	cost/year	
<u>÷</u> =	<u>500</u>	feeder cattle	
=	\$3.39	/feeder	
206 Ecodor Colling C	oct		
2.06 Feeder Selling Co Trucking	051		
Calves	75.00	miles	
X	\$7.00	/loaded mile	
~	490.00	feeders	
=	9.00	loads	
÷	500.00	<u>feeders</u>	
<u>÷</u> =	\$9.45	/feeder	
MBP levy, WLPIP, sellir	-		
+	\$5.50	MBP Levy	
+	\$0.00 \$20.00	WLPIP Insurance Premium	
<u>+</u> =	<u>\$20.00</u> \$25.50	<u>commission</u> /feeder	
-	φ20.00	/IGEUEI	
Total =	\$34.95	/feeder	

0.07		
2.07 Insurance	¢400.000	huilding 9 aguinment investment
Y	\$192,600	building & equipment investment
X ÷	\$0.40 100	/\$100 capital/\$100
<u>÷</u> =	<u>500</u> \$1.54	feeder cattle
-	φ1.04	
	\$1,230,000	herd investment
х	\$0.00	/\$100 capital
÷	100	/\$100
<u>+</u>	<u>500</u>	feeder cattle
=	\$0.00	/feeder
	\$0.00	
	\$49.00	additional coverage for liability
<u>+</u>	<u>500</u>	feeder cattle
=	\$0.10	/feeder
	·	
Total =	\$1.64	/feeder
2.08 Manure Remov	val	
	160	days on feed
	0.024	m ³ /feeder/day
Х		
=	3.84	m ³ manure volume
Х	75	% volume shrink
Х	1.30795	yd ³ per m ³
<u>x</u>	<u>\$15.00</u>	<u>yd³ manure removal cost</u>
=	\$18.83	/feeder
2.09 Barn & Office S	Supplies	
	\$600.00	total barn expenses
<u>.</u>	\$000.00 <u>500</u>	feeder cattle
÷ =	\$1.20	/feeder
_	ψ1.20	
2.10 Death Loss		
	\$1,965.25	feeder cattle cost
+	\$2,397.30	maximum value
-	\$34.95	selling costs
÷	2.00	average
<u>x</u>	<u>2.00</u>	% mortality rate
=	\$43.28	/feeder
2.11 Operating Inter	rast	
		half the subtotal operating costs)
(oporating interest is	sharged on one i	
	\$1,965.25	feeder cost
+	\$237.67	1/2 of feed & other costs
х	9.00	% operating interest
х	160.00	days on feed
÷	<u>365.00</u>	days /year
=	\$86.91	/feeder

Capital Costs

Buildings, Corrals & Water System

Windbreak fence	\$6,300	
Pens	\$5,300	_

Handling Facilities	\$7,500	
Waterers	\$6,000	
Gates	\$2,000	
Feeders	\$1,500	
Bunk Feeders	\$21,000	
Well & Pressure System	\$8,000	
Grain Bin	\$5,000	
Landscaping	<u>\$17,500</u>	
Total	\$80,100	
Machinery & Equipment		
Tractor & Loader	\$52,500	
Miscellaneous	<u>\$60,000</u>	
Total	\$112,500	
Total Investment	\$192,600	

B. Fixed Costs

3. Depreciation Original Cost - Salvage Value

5. Depreciation	Original Cost - Salvage	value	
	Useful Life		
3.01 Buildir	ngs		
	\$80,100	original cost	
-	\$8,010	salvage value	
÷	20.00	years useful life	
<u>+</u>	500.00	feeder cattle	
=	\$7.21	/feeder	
	•••=•		
3.02 Machir	nery & Equipment		
	\$112,500	original cost	
-	\$22,500	salvage value	
÷	10.00	years useful life	
÷	500.00	feeder cattle	
=	\$18.00	/feeder	
	• • • • •		
4. Investment	Original Cost + Salvage	Value x Investment Rate	
	2		
4.01 Buildir	ngs		
	\$80,100	original cost	
+	\$8,010	salvage value	
÷	2.00	average	
X			
X ÷	4.00	% investment rate	
× ÷ =	4.00 500.00	% investment rate feeder cattle	
<u>+</u>	4.00	% investment rate	
<u>+</u> =	4.00 <u>500.00</u> \$3.52	% investment rate feeder cattle	
<u>+</u> =	4.00 <u>500.00</u> \$3.52 nery & Equipment	% investment rate <u>feeder cattle</u> / feeder	
<u>+</u> =	4.00 <u>500.00</u> \$3.52 hery & Equipment \$112,500	% investment rate <u>feeder cattle</u> / feeder original cost	
± = 4.02 Machir	4.00 <u>500.00</u> \$3.52 hery & Equipment \$112,500 \$22,500	% investment rate <u>feeder cattle</u> / feeder original cost salvage value	
<u>÷</u> = 4.02 Machir + ÷	4.00 <u>500.00</u> \$3.52 hery & Equipment \$112,500 \$22,500 2.00	% investment rate <u>feeder cattle</u> / feeder original cost salvage value average	
<u>+</u> = 4.02 Machiı + ÷ ×	4.00 <u>500.00</u> \$3.52 hery & Equipment \$112,500 \$22,500 2.00 4.00	% investment rate <u>feeder cattle</u> / feeder original cost salvage value average % investment rate	
<u>÷</u> = 4.02 Machir + ÷	4.00 <u>500.00</u> \$3.52 hery & Equipment \$112,500 \$22,500 2.00 4.00 <u>500.00</u>	% investment rate feeder cattle /feeder original cost salvage value average % investment rate feeder cattle	
<u>÷</u> = 4.02 Machir + ÷ × ×	4.00 <u>500.00</u> \$3.52 hery & Equipment \$112,500 \$22,500 2.00 4.00	% investment rate <u>feeder cattle</u> / feeder original cost salvage value average % investment rate	

C. Labour

	1.0	hours/feeder/year	
<u>÷</u>	<u>\$27.00</u>	<u>/hour</u>	
=	\$27.00	/feeder	

Breakeven Calculations

Cost per lb of gain sold (shrunk weight)				
Feed Costs	•	\$313.05	feed cost	
	÷	<u>373</u>	<u>lbs gained weight</u>	
	=	\$0.84	/lb (gain sold)	
Operating Costs		\$2,527.49	operating costs	
operating boots	-	\$1,950.00	feeder cost	
	÷	<u>373</u>	Ibs gained weight	
	=	\$1.55	/lb (gain sold)	
Operating 8 Labour Costs		<u> </u>	operating agets	
Operating & Labour Costs	-	\$2,554.49 \$1,950.00	operating costs feeder cost	
	÷	۹۱,950.00 <u>373</u>	Ibs gained weight	
	=	\$1.62	/lb (gain sold)	
Operating & Fixed		\$2,561.62	oper. & fixed costs	
	-	\$1,950.00	feeder cost	
	÷	<u>373</u>	Ibs gained weight	
	=	\$1.64	/lb (gain sold)	
Total Costs		\$2,588.62	total costs	
	-	\$1,950.00	feeder cost	
	÷	<u>373</u>	lbs gained weight	
	=	\$1.71	/lb (gain sold)	
Breakeven selling price (shrunk weight)				
Operating Costs		\$2,527.49	operating costs	
	÷	<u>873</u>	lbs shrunk weight	
	=	\$2.90	/lb	
Operating & Labour Costs		\$2,554.49	operating & labour	
	÷	<u>873</u>	lbs shrunk weight	
	=	\$2.93	/lb	
Operating & Fixed		\$2 561 62	oper. & fixed costs	
Operating & Lived	÷	\$2,301.02 873	Ibs shrunk weight	
	=	\$ 2.93	/lb	
		÷=•		
Total Costs		\$2,588.62	total costs	
	÷	<u>873</u>	lbs shrunk weight	
	=	\$2.97	/lb	

Breakeven purchase price (shrunk weight)		
Operating Costs	873	lbs shrunk weight
Х	\$330.00	\$/cwt selling price
=	\$2,880.90	income
-	\$577.49	operating less feeder cost
<u>+</u>	<u>500</u>	lbs purchase weight
=	\$4.61	/lb
Operating & Labour Costs	873	lbs shrunk weight
Х	\$330.00	\$/cwt selling price
=	\$2,880.90	income
-	\$604.49	operating less feeder <u>cost</u>
<u>±</u>	<u>500</u>	lbs purchase weight
=	\$4.55	/lb
Operating & Fixed	873	lbs shrunk weight
Х	\$330.00	\$/cwt selling price
=	\$2,880.90	income
-	\$611.62	op. & fixed less feeder cost
÷	<u>500</u>	lbs purchase weight
=	\$4.54	/lb
	070	
Total Costs	873	lbs shrunk weight
Х	\$330.00	\$/cwt selling price
=	\$2,880.90	income
-	\$638.62	total less feeder cost
<u>+</u>	<u>500</u>	lbs purchase weight
=	\$4.48	/lb

Profitability and Breakeven Analysis:

Gross Revenue = Shrunk weight (lbs) x \$/lb price (eg. 873 x \$3.30/lb = \$2880.90) Return on Investment (ROI) = (Gross Revenue - Total Cost) / Total Cost (eg. (\$2880.90 - \$2588.62) / \$2588.62 = 11.3%

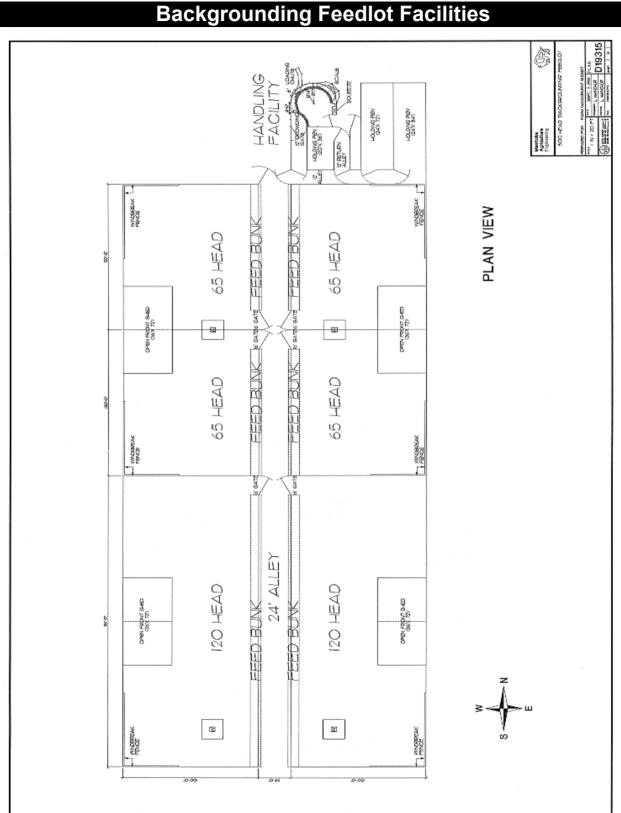
Return on Asset (ROA) = (Margin Over Operating - Labour - Building Depreciation - Machinery Depreciation) / (Building, Machinery & Equipment Investment / Herd Size) (eg. (\$353.41 - \$27.00 - \$7.21 - \$18.00) / (\$192,600 / 500) = 78.2%

September, 2023

Contact Us

For more information, contact a Farm Management Specialist.

- manitoba.ca/agriculture
- mbfarmbusiness@gov.mb.ca
- 1-844-769-6224



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