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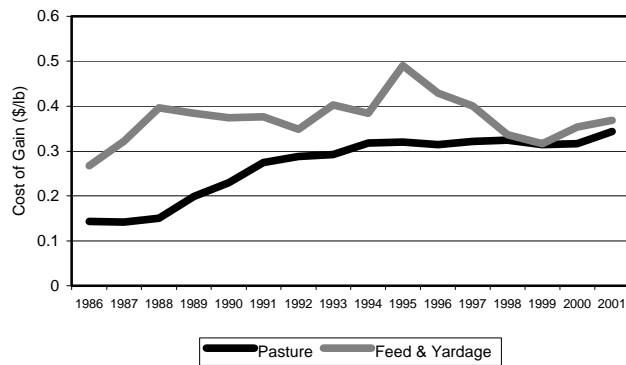
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Grazing versus Feedlot Cost of Gain

I recently put a set of slides together for an Integrated Resource Management conference that was focusing on grazing. I found some very interesting trends that I think are worth sharing here. Over the last 20 years the average cost of renting pasture in the Nebraska Sandhills has increased from \$15 per Animal Unit Month (AUM) to \$23.53 per AUM. The cost of four months summer pasture for yearlings has increased from approximately \$45 to \$70 per head. Over this same time period, the price of corn in Nebraska has varied up and down and averaged about \$2.30 per bushel. There has not been any upward trend in the price of corn.

The graphic illustrates what has happened to the relative cost of gain for a yearling- grazing program compared to feedlot costs of gain. The cost of gain in the feedlot is for feed and yardage only and the grazing is the pasture rental (feed and yardage). The implication is that as the relative costs of gain are equalized, the feeding versus pasture margins will also likely be equalized. One other thought, will the price of corn now begin to limit further increases in grazing rental rates?

Feedlot vs. Grazing Cost of Gain



The Markets

Last week, slaughter cattle prices were \$2 higher in the southern plains, with the bulk of the trade occurring at \$71-72. Prices were also higher in the north with slaughter cattle prices at mostly \$112 dressed with some poorer quality lots at \$109-110. Boxed beef prices were sharply higher for the week, in spite of the approaching turkey feast known as Thanksgiving. Feeder cattle prices in the Midwest were generally \$2-4 higher compared to the previous week. There were numerous sales on 500- 700 pound cattle.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight (35-65% Choice)	\$71.41	\$69.79	\$64.38
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$111.71	\$108.18	\$104.34
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$84.60	\$83.25	\$82.75
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$90.51	\$92.12	\$97.36
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$88.83	\$85.86	\$87.53
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$93.78	\$90.24	\$96.68
Choice Boxed Beef Price, 600-750 lb. carcass	\$119.90	\$113.24	\$111.73
Choice-Select Spread, 600-750 lb. carcass	\$5.34	\$5.99	\$8.29