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Fed Cattle Break-evens

I could get in trouble telling cattle feeders what their break-even are because I can only assume that they purchased feeder cattle at the average market price, and some didn't. Furthermore, I really know very little about any of their actual costs. However, while I may not be very accurate at predicting the break-even on any single pen of cattle, I can be fairly accurate at predicting the general trend in those break-even values. I am pretty sure they will increase over the next couple of months.

As I look at the purchase price for feeders over the past few months and I factor in what has happened to the cost of feed, break-even values for fed cattle could easily increase by \$10 per cwt. over the next couple of months. For lighter weight feeders, that were placed early last spring, break-even values will likely increase into the upper \$80 range. However, for heavier feeders that were placed on feed in late spring/early summer, break-even values will likely increase to over \$90 per cwt. As of this writing, October Live Cattle are price at \$89 and December Live Cattle are priced at \$91. If the market holds at those levels, there should still be a little money to be made on the average. However, some of those higher priced heavier feeders that were placed will likely lose money when they are sold. Any significant dip in fed cattle price levels will mean that on average most pens will sell at a loss.

The Markets

Slaughter cattle prices ended the week \$2-3 higher in both the southern plains and the northern markets. Trade occurred at mostly \$84-85 in the south and prices were \$134-135 in the north. Choice boxed beef prices were lower than last week, but were steady for the week. The Choice-Select spread increased and is at a typical level. Feeder cattle prices were generally a little lower in Kansas and were steady to higher in Nebraska on most weight of feeders. Calf and yearling volume remains relatively light.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight (35-65% Choice)	\$84.46	\$82.12	\$78.15
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$134.49	\$131.46	\$127.68
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$118.19	\$120.26	\$95.72
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$130.26	\$131.29	\$103.50
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$125.83	\$121.45	NA
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$139.33	\$139.67	NA
Choice Boxed Beef Price, 600-750 lb. carcass	\$137.53	\$139.81	\$140.46
Choice-Select Spread, 600-750 lb. carcass	\$6.74	\$6.00	\$8.57