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Grass Cattle

College basketball has ended. Major league baseball has begun. Cowboys are seeing green (grass that is and \$\$ leaving their hands for grass cattle). That’s right. It is April. What does a budget look like for placing calves on grass? Before throwing out some numbers, let me set forth some assumptions: calves will be dry lotted until May 1, summer average daily gain is 1.75 pounds, grass cattle will be sold at the end of August.

If you purchased 550 pound steers for \$143/cwt., the Kansas-Nebraska average, this past week, you have \$787/head in them. Feed from now until May 1 will be another \$25/head. If pasture cost is \$15/head/month, that is \$60 through August. I assume another \$40/head for interest and other miscellaneous costs through the summer. At the end of August, you should have an 815 pound steer with a cost of \$912/head. Your break-even selling price would be \$112/cwt. (\$912/815 lb). At the present time August and September Feeder Cattle contracts are trading in a range of \$105-108/cwt. Even if you assume a \$1-2/cwt positive basis, you cannot lock these calves in at break-even levels. A budget for 650 pound calves doesn’t look much better.

For grass cattle to work financially, one of three things needs to happen: 1) you buy them cheaper, 2) the market rises \$5-7/cwt by the end of August, or 3) your costs are substantially lower than those I have used in this analysis.

The Markets

Slaughter cattle prices were \$2 higher in the south with trade occurring on Friday and \$5 higher in the north with active trade on Wednesday this last week. Trade volume was adequate to clear most showlists. Prices were mostly \$92 in the south and prices ranged from \$152-153 in the north. Choice boxed beef prices were slightly lower for the week. Select box beef prices were down more than \$4. The Choice-Select spread increased and is above the historical level. Feeder cattle prices were higher in Kansas and Nebraska on moderate volume. Lighter weight calves were also higher in both Kansas and Nebraska on a small volume.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$92.05	\$89.99	\$83.70
Neb. Fed Steer Price, dressed weight	\$152.40	\$147.05	\$133.24
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$114.00	\$109.99	\$94.13
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$142.63	\$136.22	\$115.46
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$115.23	\$112.11	\$96.26
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$143.13	\$134.12	\$119.71
Choice Boxed Beef Price, 600-900 lb. carcass	\$151.09	\$151.68	\$138.19
Choice-Select Spread, 600-900 lb. carcass	\$10.49	\$7.01	\$13.24