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2022 Cost of Production

# Grassing





Guidelines For Estimating  
**Beef Grassing Costs**  
Based on a 500 Head (Steers)

Date: April, 2022

This guide is designed to provide you with planning information and a format for calculating costs of production of a grass cattle enterprise in Manitoba. General Department 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.

Manitoba has an abundance of competitively priced land suitable for pasturing cattle (ie. Community Pastures, Agricultural Crown Lands, private pastures, etc.). In this budget it is assumed that feeders are purchased in the spring and put in a feedlot for 60 days prior to being placed on pasture for an additional 90 days.

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:



[The Farm Machinery Cost of Production Guide](#)  
determine machinery costs.

is also available to help

**Contact Us**

For more information, contact a Farm Management Specialist.

- [manitoba.ca/agriculture](http://manitoba.ca/agriculture)
- [mbfarmbusiness@gov.mb.ca](mailto:mbfarmbusiness@gov.mb.ca)
- 1-844-769-6224

**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.

### Beef Grassing Cost Summary - April, 2022

	<u>Cost/head</u>	<u>Cost/cwt sold</u>	<u>Your Cost</u>
<b>A. Operating Costs</b>			
<b>1. Feed Costs:</b>			
1.01 Ground Barley	\$28.13	\$3.33	
1.02 Hay	\$68.57	\$8.11	
1.03 Salt, Vitamins & Minerals	\$11.70	\$1.38	
<b>Total Feed Costs</b>	<b>\$108.40</b>	<b>\$12.81</b>	
<b>2. Other Operating Costs:</b>			
2.01 Feeder Cost (600 lb steer @ \$230/cwt)	\$1,391.85	\$164.52	
2.02 Yardage	\$44.00	\$5.20	
2.03 Rented Pasture	\$76.50	\$9.04	
2.04 Pasture Checking	\$1.60	\$0.19	
2.05 Veterinary Medicine & Supplies	\$16.25	\$1.92	
2.06 Insurance	\$3.00	\$0.35	
2.07 Selling Cost	\$82.27	\$9.72	
2.08 Death Loss	\$22.75	\$2.69	
Subtotal Operating Costs	\$1,746.62	\$206.46	
2.09 Operating Interest	\$35.47	\$4.19	
<b>Total Operating Costs</b>	<b>\$1,782.09</b>	<b>\$210.65</b>	
<b>B. Fixed Costs</b>			
3.01 Own Pasture Costs	\$0.00	\$0.00	
<b>Total Operating &amp; Fixed Costs</b>	<b>\$1,782.09</b>	<b>\$210.65</b>	
<b>C. Labour</b>			
	\$4.80	\$0.57	
<b>Total Costs Of Production</b>	<b>\$1,786.89</b>	<b>\$211.22</b>	

### Profitability and Breakeven Analysis

<b>Estimated Farmgate</b>	<u>Per Head</u>	
Gross Revenue @ \$220/cwt market price	<b>\$1,861.20</b>	
	<b>Breakeven Purchase</b>	<b>Breakeven Selling</b>
	Price (\$/cwt) @	Price (\$/cwt) @
	<u>\$220/cwt market price</u>	<u>\$230/cwt market price</u>
Operating Costs	\$245.16	\$210.65
Operating Costs & Labour	\$244.36	\$211.22
Operating & Fixed Costs	\$245.16	\$210.65
Total Costs	\$244.36	\$211.22
	<b>Cost per lb of</b>	<b>Marginal Returns per head</b>
	<u>gain sold (\$/cwt)</u>	<u>@ \$220/cwt market price</u>
Operating Costs	\$158.63	\$79.11
Operating Costs & Labour	\$160.59	\$74.31
Operating & Fixed Costs	\$158.63	\$79.11
Total Costs	\$160.59	\$74.31

**Note:** This budget is only a guide and is not intended to be 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.

### Risk & Sensitivity Analysis

	Per Head
<b>A. Operating Costs</b>	\$1,782.09
<b>B. Fixed Costs</b>	\$0.00
<b>C. Labour</b>	\$4.80
<b>Total Costs</b>	\$1,786.89

<b>Estimated Farmgate</b>	
Price (\$ per cwt)	\$220.00
Shrunk weight (lbs)	846

	Up	Down
<b>Percent Price Variation</b>	5%	5%
<b>Percent Grasser Weight Variation</b>	2%	2%

Higher Price (\$ per cwt)	\$231.00
Lower Price (\$ per cwt)	\$209.00
Higher Grasser Weight	862.9
Lower Grasser Weight	829.1

#### **Higher Margin Scenario - Price Up 5% and Grasser Weight Up 2%**

<b>Gross Revenue per Grasser</b>	\$1,993.35
<b>Marginal Returns</b>	
Over Operating Costs	\$211.26
Over Operating & Labour Costs	\$206.46
Over Operating & Fixed Costs	\$211.26
Over Total Costs (Net Profit)	\$206.46
<b>Operating Expense Ratio</b>	89.4%

#### **Lower Margin Scenario - Price Down 5% and Grasser Weight Down 2%**

<b>Gross Revenue per Grasser</b>	\$1,732.78
<b>Marginal Returns</b>	
Over Operating Costs	(\$49.31)
Over Operating & Labour Costs	(\$54.11)
Over Operating & Fixed Costs	(\$49.31)
Over Total Costs (Net Profit)	(\$54.11)
<b>Operating Expense Ratio</b>	102.8%

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## Beef Grasser Cattle Production Costs

### ASSUMPTIONS:

1. This Budget assumes all 500 animals are steers.
2. All feed is purchased.

### HERD PROFILE

Number of Feeders Purchased	<b>500</b> head
Feeder Cattle Mortality Rate (%)	<b>1.5</b> %
Feeder Purchased Shrunken Weight (lbs)	<b>600</b> lbs
Feeder Cattle Price (\$/cwt)	<b>\$230</b> \$/cwt
Finish Weight (lbs)	<b>900</b> lbs
Percent Shrink (%) - out	<b>6.0%</b> %
Shrunken Weight (lbs)	<b>846</b> lbs
Feeder Selling Price	<b>\$220</b> \$/cwt
LPI Insurance Premium	<b>\$5.75</b> \$/cwt
Average Daily Gain Gross (lbs/day)	<b>2.00</b> lbs/day
Average Daily Gain Net (lbs/day)	<b>1.64</b> lbs/day
Total Days Fed	<b>150</b> days
Days on Feed in Feedlot	<b>60</b> days
Days on Pasture	<b>90</b> days

(1) FOOTNOTE: 1 kilogram (kg) = 2.2046 pounds (lbs)

<b>FEED COSTS</b>	<u>Cost</u>	<u>Amount</u>
Ground Barley (\$/bu)	<b>\$7.50</b>	<b>3.00</b> lbs/day
Hay (\$/tonne)	<b>\$180.00</b>	<b>14.00</b> lbs/day
Salt, Mineral etc.(\$/lb)	<b>\$0.65</b>	<b>18.00</b> lbs/YEAR

### OTHER OPERATING COSTS

Feeder Purchase Costs	
Buying Commission per CWT	<b>\$1.00</b>
<b>Trucking in Cost</b>	
Average Weight	600 lbs/head
Distance	<b>75</b> miles
Rate	<b>\$6.50</b> /loaded mile
Truck Capacity	<b>54,000</b> lbs/load
Number of head per load - calves	<b>90</b> per load
Yardage:	
Cost/head/day	<b>\$0.65</b>
Initial Chute fee \$/head	<b>\$5.00</b>

**Veterinary Medicine & Supplies:****Cattle Medication:**

Tagging - 5% retagging cost	<b>\$0.25</b>
Vitamin A-D	<b>\$0.00</b>
External & Internal Parasites	<b>\$0.75</b>
Blackleg 7 way	<b>\$0.83</b>
Growth Implants	<b>\$3.42</b>
Antibiotics	<b>\$7.00</b>
Vaccine 5 Way	<b>\$4.00</b>

**Trucking Out Cost**

Average Weight	900 lbs/head
Distance	<b>75</b> miles
Rate	<b>\$6.50</b> /loaded mile
Truck Capacity	<b>54,000</b> lbs/load
Number of head per load - calves	<b>60</b> per load

**Marketing Cost:**

Commission on Sales \$/head	<b>\$18.00</b>
Insurance fee \$/head	<b>\$1.35</b>
Checkoff \$/head	<b>\$5.50</b>

**Insurance:**

Cost per \$100 Capital Invested in:	
a). Livestock	<b>\$0.21</b>
b). Building & Equipment	<b>\$0.00</b>
Additional Coverage for Liability	<b>\$49.00</b>

Operating Interest Rate (%)	<b>5.50</b>
Investment Interest Rate (%)	<b>2.00</b>

**PASTURE COSTS**

Land Value per Acre	<b>\$0.00</b>
Property Taxes per Acre	<b>\$0.00</b>
Carrying Capacity per Head (acres/head)	<b>2.5</b>
Pasture rental - cost per head per day	<b>\$0.85</b>

Pasture checking costs (ie fuel)	<b>\$800</b>
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**LABOUR COSTS**

Feedlot Labour - hours/day	<b>1.00</b>
Pasture Labour - hours/day	<b>0.40</b>
Labour Rate/Hour	<b>\$25.00</b>

**Assumptions**

1. Gross Average daily gain (ADG) is assumed to be 2 lbs/day. Net ADG is 1.64 lbs/day.
2. It is assumed that the feeder steer weighs in at 600 lbs. and is raised to 900 lbs. (846 lbs. after 6% shrink).
3. Cattle are on feed for 150 days; the first 60 days in a feedlot and the remaining 90 days on pasture.
4. Assumed 500 head of cattle on feed and pasture.

**Beef Grasser Production Cost Worksheet**

**A. OPERATING COSTS**

Your Cost

**1. Feed Costs:**

**1.01 Ground Barley**

	60	days on ground barley	
x	3.00	lbs/feeder/day	
=	3.75	bushels fed	
x	\$7.50	/bu	
=	<b>\$28.13</b>	<b>/feeder</b>	

**1.02 Hay**

	60	days on hay	
x	14.00	lbs/feeder/day	
=	0.38	tonnes fed	
x	\$180.00	/tonne	
=	<b>\$68.57</b>	<b>/feeder</b>	

**1.03 Salt, Vitamins & Minerals**

	18.00	lbs/feeder/year	
x	\$0.65	/lb	
=	<b>\$11.70</b>	<b>/feeder</b>	

**Total Feed Cost** **\$108.40 /feeder**

**2. Other Operating Costs:**

**2.01 Feeder Cattle Cost**

	\$1.00	\$/cwt	
x	600	lbs/feeder	
÷	100	lbs/cwt	
=	\$6.00	/feeder	

	75.00	miles	
x	\$6.50	/loaded mile	
x	500	feeders	
x	6	loads	
÷	500	feeders	
=	\$5.85	/feeder	

	600	lbs/feeder	
x	\$230.00	\$/cwt	
÷	100	lbs/cwt	
=	\$1,380.00	/feeder	

**Total Cost** **\$1,391.85 /feeder**



Your Cost

**2.02 Yardage (includes straw, repairs, utilities, supplies & depreciation)**

Yardage		\$0.65	cost/head/day	_____
	x	60	days on feed	_____
	=	\$39.00	/feeder	_____
Chute fee	=	\$5.00	/feeder	_____
<b>Total Yardage</b>	<b>=</b>	<b>\$44.00</b>	<b>/feeder</b>	_____

**2.03 Rented Pasture**

		\$0.85	cost/head/day	_____
	x	90	days on pasture	_____
	=	\$76.50	/feeder	_____

**2.04 Pasture Checking**

		\$800	cost per year	_____
	÷	500	head	_____
	=	\$1.60	/feeder	_____

**2.05 Veterinary Medicine & Supplies**

		\$0.25	/Tagging	_____
	+	\$0.00	/Vitamin	_____
	+	\$0.75	/Parasites	_____
	+	\$0.83	/Blackleg 7 way	_____
	+	\$3.42	/Growth Implant	_____
	+	\$7.00	/Antibiotics	_____
	±	\$4.00	/Vaccine 3 way	_____
	=	\$16.25	/feeder	_____

**2.06 Insurance**

		\$1,380.00	feeder cost	_____
	x	\$0.21	cost/\$100 capital	_____
	÷	100	/\$100	_____
	=	\$2.90	/feeder	_____
		\$49	additional coverage for liability	_____
	÷	500	feeder cattle	_____
	=	\$0.10	/feeder	_____

**Total = \$3.00 /feeder**

**2.07 Feeder Selling Costs**

Trucking-out		75.00	miles	_____
		\$6.50	/loaded mile	_____
		500.00	feeders	_____
		9.00	loads	_____
	÷	500	feeders	_____
	=	\$8.78	/feeder	_____

Checkoff, WLPIP, Selling Commission

		\$5.50	Checkoff Levy	_____
	+	\$48.65	LPI Insurance Premium	_____
	+	\$18.00	commission	_____
	±	\$1.35	insurance	_____
	=	\$73.50	/feeder	_____

**Total = \$82.27 /feeder**

**2.08 Death Loss**

		\$1,391.85	feeder cattle cost	_____
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Your Cost

+	\$1,641.60	maximum value	_____
÷	2.0	average	_____
=	\$1,516.72	average value	_____
×	1.5	% mortality rate	_____
=	<b>\$22.75</b>	<b>/feeder</b>	_____

**2.09 Operating Interest**

	\$1,391.85	feeder cost	_____
+	\$177.38	½ of feed & other costs	_____
×	5.50	% operating interest	_____
×	150	days on feed	_____
÷	365	365 days	_____
=	<b>\$35.47</b>	<b>/feeder</b>	_____

**B. FIXED COSTS (Pasture)**

Land			
	2.5	acres/head	_____
×	\$0.00	\$/acre includes fence	_____
×	2.00	% investment rate	_____
=	\$0.00	/feeder	_____
Taxes			
	2.5	acres/head	_____
×	\$0.00	\$/acre	_____
=	\$0.00	/feeder	_____
<b>Total</b>	<b>=</b>	<b>\$0.00</b>	<b>/feeder</b>

**C. LABOUR**

Feedlot			
	1.00	hours/day feedlot	_____
×	60	days in feedlot	_____
÷	500	head	_____
×	\$25.00	\$/hour	_____
=	\$3.00	/feeder	_____
Pasture			
	0.40	hours/day pasture	_____
×	90	days on pasture	_____
÷	500	head	_____
×	\$25.00	\$/hour	_____
=	\$1.80	/feeder	_____
<b>Total</b>	<b>=</b>	<b>\$4.80</b>	<b>/feeder</b>

**Breakeven Calculations**

<b>Operating Costs</b>	\$1,782.09	operating costs	_____
-	\$1,391.85	feeder cost	_____
÷	246	lbs gained weight	_____
=	<b>\$1.59</b>	<b>/lb (gain sold)</b>	_____

<b>Cost per lb of gain sold (shrunk weight)</b>			
<b>Operating &amp; Labour Costs</b>	\$1,786.89	operating costs	_____
-	\$1,391.85	feeder cost	_____
÷	246	lbs gained weight	_____
=	<b>\$1.61</b>	<b>/lb (gain sold)</b>	_____

<b>Operating &amp; Fixed</b>	\$1,782.09	oper. & fixed costs	_____
-	\$1,391.85	feeder cost	_____
÷	246	lbs gained weight	_____
=	<b>\$1.59</b>	<b>/lb (gain sold)</b>	_____

<b>Total Costs</b>		total costs	_____
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			<u>Your Cost</u>
	-	\$1,391.85	feeder cost
	+	246	lbs gained weight
	=	<b>\$1.61</b>	/lb (gain sold)
<b>Operating Costs</b>		\$1,782.09	operating costs
	+	846	lbs shrunk weight
	=	<b>\$2.11</b>	/lb
<b>Operating &amp; Labour Costs</b>		\$1,786.89	operating & labour
	+	846	lbs shrunk weight
	=	<b>\$2.11</b>	/lb
<b>Operating &amp; Fixed</b>		\$1,782.09	oper. & fixed costs
	+	846	lbs shrunk weight
	=	<b>\$2.11</b>	/lb
<b>Total Costs</b>		\$1,786.89	total costs
	+	846	lbs shrunk weight
	=	<b>\$2.11</b>	/lb
<b>Operating Costs</b>		846	lbs shrunk weight
	x	\$220.00	\$/cwt selling price
	=	\$1,861.20	income
	-	\$390.24	operating less feeder cost
<b>Breakeven purchase price (\$)</b>	÷	600	lbs purchase weight
	=	<b>\$2.45</b>	/lb
<b>Operating &amp; Labour Costs</b>		846	lbs shrunk weight
	x	\$220.00	\$/cwt selling price
	=	\$1,861.20	income
	-	\$395.04	operating less feeder cost
	÷	600	lbs purchase weight
	=	<b>\$2.44</b>	/lb
<b>Operating &amp; Fixed</b>			lbs shrunk weight
	x	\$220.00	\$/cwt selling price
	=	\$1,861.20	income
	-	\$390.24	op. & fixed less feeder cost
	÷	600	lbs purchase weight
	=	<b>\$2.45</b>	/lb
<b>Total Costs</b>		846	lbs shrunk weight
	x	\$220.00	\$/cwt selling price
	=	\$1,861.20	income
	-	\$395.04	total less feeder cost
	÷	600	lbs purchase weight
	=	<b>\$2.44</b>	/lb

April, 2022

**Contact Us**

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