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**Estimating Sale Prices**  
**Estimating Target Prices**  
**Budget Scenarios**

# Estimating Sale Price

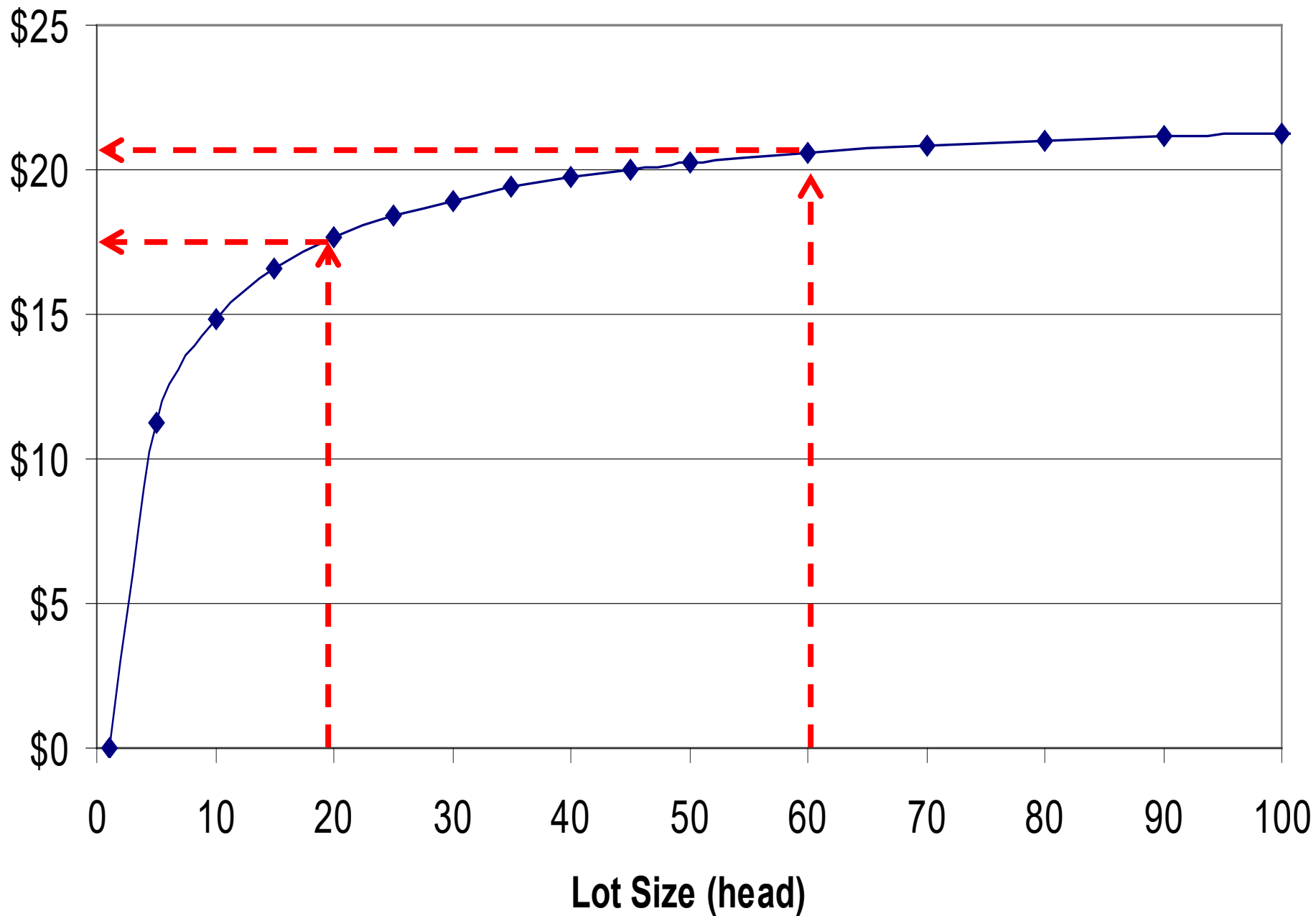
## Method #2

- 1) Use CME Feeder futures (Index)
- 2) Adjust for 800 lb Kentucky basis
- 3) Adjust for lot size
- 4) Adjust for price slide
- 5) Adjust for “quality” differences

## **Kentucky 2018-2021 Basis Est 800 lb Steer**

<b>Month</b>	<b>Basis 20 Head</b>	<b>Basis Potload</b>
<b>Jan</b>	-\$12	-\$7
<b>Feb</b>	-\$12	-\$7
<b>Mar</b>	-\$10	-\$5
<b>Apr</b>	-\$9	-\$4
<b>May</b>	-\$10	-\$5
<b>Jun</b>	-\$14	-\$9
<b>Jul</b>	-\$14	-\$9
<b>Aug</b>	-\$11	-\$6
<b>Sep</b>	-\$10	-\$5
<b>Oct</b>	-\$13	-\$8
<b>Nov</b>	-\$16	-\$11
<b>Dec</b>	-\$14	-\$9

*Note: 2018-2021 Data Comparison*



## CME Daily Settlements for Feeder Cattle Futures (FINAL) Trade Date: 3/22/2022

<b>Contract Month</b>	<b>Settle</b>	<b>Estimated Basis 800 lb Steer Central KY</b>	<b>Est. Price per 100wt 800 lb Steer</b>
Mar-22	\$156	-\$10	\$146
Apr-22	\$161	-\$9	\$152
May-22	\$165	-\$10	\$155
Aug-22	\$179	-\$11	\$168
Sep-22	\$182	-\$10	\$172
Oct-22	\$183	-\$13	\$170
Nov-22	\$184	-\$16	\$168

*Note: Est. basis for groups around 20 head*

## CME Daily Settlements for Feeder Cattle Futures (FINAL) Trade Date: 3/22/2022

<b>Contract Month</b>	<b>Settle</b>	<b>Estimated Basis 800 lb Steer Central KY</b>	<b>Est. Price per 100wt 800 lb Steer</b>
Mar-22	\$156	-\$5	\$151
Apr-22	\$161	-\$4	\$157
May-22	\$165	-\$5	\$160
Aug-22	\$179	-\$6	\$173
Sep-22	\$182	-\$5	\$177
Oct-22	\$183	-\$8	\$175
Nov-22	\$184	-\$11	\$173

*Note: Est. basis for potload groups*

# Estimating Prices for Other Weight Cattle

Need to use price slide:

> 700 lbs      \$3-5 per 100wt

< 650 lbs      Highly variable

→ Very large in spring

→ Can be small in fall/winter

# CME Daily Settlements for Feeder Cattle Futures (FINAL) Trade Date: 3/22/2022

<b>Contract Month</b>	<b>Settle</b>	<b>Estimated Basis 800 lb Steer Central KY</b>	<b>Estimated Price per 100wt 800 lb Steer</b>	<b><i>Estimated Price per 100wt 900 lb Steer (\$4 Slide)</i></b>
Mar-22	\$156	-\$5	\$151	\$147
Apr-22	\$161	-\$4	\$157	\$153
May-22	\$165	-\$5	\$160	\$156
Aug-22	\$179	-\$6	\$173	\$169
Sep-22	\$182	-\$5	\$177	\$173
Oct-22	\$183	-\$8	\$175	\$171
Nov-22	\$184	-\$11	\$173	\$169

*Note: Est. basis for potload groups*



2022:

*Evaluate Profitability:*

- *corn gluten – soyhull mix \$280/ton.*
- *Hay \$75/ton*
- *550-850lbs*
- *2.3 daily gain*
- *130 days (March 23 to Aug 1)*

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Contract Month	Settle	Estimated Basis 800 lb Steer Central KY	Estimated Price per 100wt 800 lb Steer	<i>Estimated Price per 100wt 850 lb Steer (\$4 Slide)</i>
Mar-22	\$156	-\$5	\$151	\$149
Apr-22	\$161	-\$4	\$157	\$155
May-22	\$165	-\$5	\$160	\$158
<b>Aug-22</b>	<b>\$179</b>	<b>-\$6</b>	<b>\$173</b>	<b>\$171</b>
Sep-22	\$182	-\$5	\$177	\$175
Oct-22	\$183	-\$8	\$175	\$173
Nov-22	\$184	-\$11	\$173	\$171

*Note: Est. basis for potload groups*

## 2022 Trucking:

*Likely \$1.25 per loaded mile increase*

*800 miles x \$1.25/mile = \$1000*

*\$1000 / 500 100 wt = \$2 inc. 100 wt*

# CME Daily Settlements for Feeder Cattle Futures (FINAL) Trade Date: 3/22/2022

<b>Contract Month</b>	<b>Settle</b>	<b>Estimated Basis 800 lb Steer Central KY</b>	<b>Estimated Price per 100wt 800 lb Steer</b>	<b><i>Estimated Price per 100wt 850 lb Steer (\$4 Slide)</i></b>
Mar-22				
Apr-22				
May-22				
<b>Aug-22</b>	<b>\$179</b>	<b>-\$8</b>	<b>\$171</b>	<b>\$169</b>
Sep-22				
Oct-22				
Nov-22				

*Note: Est. basis for potload groups*

**Profitability Scenarios 2022**  
**Sell 850 lb Feeder \$1.69/lb**  
**Corn Gluten Soyhull Mix at 2.3 lbs/day Gain**

<b>Calf - Buy Price (500 lbs)</b>	<b>\$1.85</b>	<b>\$1.90</b>	<b>\$1.95</b>
<b>Calf - Cost</b>	<b>\$1,018</b>	<b>\$1,045</b>	<b>\$1,073</b>
<b>Total Feed</b>	<b>\$179</b>	<b>\$179</b>	<b>\$179</b>
<b>Total Hay</b>	<b>\$50</b>	<b>\$50</b>	<b>\$50</b>
<b>Vet/Medical</b>	<b>\$25</b>	<b>\$25</b>	<b>\$25</b>
<b>Mineral</b>	<b>\$8</b>	<b>\$8</b>	<b>\$8</b>
<b>Commission</b>	<b>\$18</b>	<b>\$18</b>	<b>\$18</b>
<b>Trucking</b>	<b>\$10</b>	<b>\$10</b>	<b>\$10</b>
<b>Interest (calf)</b>	<b>\$20</b>	<b>\$20</b>	<b>\$20</b>
<b>Death Loss (%)</b>	<b>\$25</b>	<b>\$25</b>	<b>\$25</b>
<b>Other</b>	<b>\$5</b>	<b>\$5</b>	<b>\$5</b>
<b>Total Revenue</b>	<b>\$1,437</b>	<b>\$1,437</b>	<b>\$1,437</b>
<b>Total Costs</b>	<b><u>\$1,357</u></b>	<b><u>\$1,385</u></b>	<b><u>\$1,412</u></b>
<b>Gross Profit</b>	<b>\$79</b>	<b>\$52</b>	<b>\$24</b>

*Note: Intakes of 1.4% corn gluten-soyhulls and 1.45% hay based on weight which allows for 5% and 15% waste for the two feeds respectively. Does not account for labor, equipment operation costs, and fixed costs.*

**What if Price Drops by  
\$10 per hwt?**

**Profitability Scenarios 2022**  
**Sell 850 lb Feeder \$1.59/lb**  
**Corn Gluten Soyhull Mix at 2.3 lbs/day Gain**

<b>Calf - Buy Price (500 lbs)</b>	<b>\$1.85</b>	<b>\$1.90</b>	<b>\$1.95</b>
<b>Calf - Cost</b>	<b>\$1,018</b>	<b>\$1,045</b>	<b>\$1,073</b>
<b>Total Feed</b>	<b>\$179</b>	<b>\$179</b>	<b>\$179</b>
<b>Total Hay</b>	<b>\$50</b>	<b>\$50</b>	<b>\$50</b>
<b>Vet/Medical</b>	<b>\$25</b>	<b>\$25</b>	<b>\$25</b>
<b>Mineral</b>	<b>\$8</b>	<b>\$8</b>	<b>\$8</b>
<b>Commission</b>	<b>\$18</b>	<b>\$18</b>	<b>\$18</b>
<b>Trucking</b>	<b>\$10</b>	<b>\$10</b>	<b>\$10</b>
<b>Interest (calf)</b>	<b>\$20</b>	<b>\$20</b>	<b>\$20</b>
<b>Death Loss (%)</b>	<b>\$25</b>	<b>\$25</b>	<b>\$25</b>
<b>Other</b>	<b>\$5</b>	<b>\$5</b>	<b>\$5</b>
<b>Total Revenue</b>	<b>\$1,352</b>	<b>\$1,352</b>	<b>\$1,352</b>
<b>Total Costs</b>	<b><u>\$1,357</u></b>	<b><u>\$1,385</u></b>	<b><u>\$1,412</u></b>
<b>Gross Profit</b>	<b>-\$6</b>	<b>-\$33</b>	<b>-\$61</b>

*Note: Intakes of 1.4% corn gluten-soyhulls and 1.45% hay based on weight which allows for 5% and 15% waste for the two feeds respectively. Does not account for labor, equipment operation costs, and fixed costs.*

**Should we take to 900 lbs?**



# Deciding When to Sell

## Value of Gain vs. Total Cost of Gain

**\$4 price slide 100wt; \$1.69/lb 800 lb steer**

Weight	Value of Gain (last 50 lbs)	Total Cost of Gain (last 50 lbs)
700	—	—
750	\$1.44	\$0.88
800	\$1.38	\$0.94
850	\$1.36	\$1.00
<b>900</b>	<b>\$1.30</b>	<b>\$1.06</b>
<b>950</b>	<b>\$1.28</b>	<b>\$1.10</b>

*Assumes 1.4% bodyweight corn gluten-soyhulls at \$280/ton and 1.45% bodyweight hay at \$75/ton. Other costs of \$.23/day*

# Deciding When to Sell

## Value of Gain vs. Total Cost of Gain

**\$5 price slide 100wt; \$1.69/lb 800 lb steer**

Weight	Value of Gain (last 50 lbs)	Total Cost of Gain (last 50 lbs)
700	—	—
750	\$1.36	\$0.88
800	\$1.32	\$0.94
850	\$1.26	\$1.00
<b>900</b>	<b>\$1.22</b>	<b>\$1.06</b>
950	\$1.16	\$1.10

*Assumes 1.4% bodyweight corn gluten-soyhulls at \$280/ton and 1.45% bodyweight hay at \$75/ton. Other costs of \$.23/day*

# Deciding When to Sell

## Value of Gain vs. Total Cost of Gain

**\$3 price slide 100wt; \$1.69/lb 800 lb steer**

Weight	Value of Gain (last 50 lbs)	Total Cost of Gain (last 50 lbs)
700	—	—
750	\$1.50	\$0.88
800	\$1.46	\$0.94
850	\$1.44	\$1.00
<b>900</b>	<b>\$1.40</b>	<b>\$1.06</b>
<b>950</b>	<b>\$1.38</b>	<b>\$1.10</b>

*Assumes 1.4% bodyweight corn gluten-soyhulls at \$280/ton and 1.45% bodyweight hay at \$75/ton. Other costs of \$.23/day*



# Stockering

# Spring 2022 Pasture:

- *183 days (April 1 – October 1)*
- *1.5 lbs per day gain*
- *1.1 acre pasture per 550 lb steer*
- *825 lbs steer Oct. 1*

# CME Daily Settlements for Feeder Cattle Futures (FINAL) Trade Date: 3/22/2022

Contract Month	Settle	Estimated Basis 800 lb Steer Central KY	Estimated Price per 100wt 800 lb Steer	
Mar-22				
Apr-22				
May-22				
Aug-22				
Sep-22				
<b>Oct-22</b>	<b>\$183</b>	<b>-\$8</b>	<b>\$175</b>	
Nov-22				

*Note: Est. basis for potload groups*

## 2022 Trucking:

*Likely \$1.25 per loaded mile increase*

*800 miles x \$1.25/mile = \$1000*

*\$1000 / 500 100 wt = \$2 inc. 100 wt*

# CME Daily Settlements for Feeder Cattle Futures (FINAL) Trade Date: 3/22/2022

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Apr-22				
May-22				
Aug-22				
Sep-22				
<b>Oct-22</b>	<b>\$183</b>	<b>-\$10</b>	<b>\$173</b>	
Nov-22				

*Note: Est. basis for potload groups*



# CME Daily Settlements for Feeder Cattle Futures (FINAL) Trade Date: 3/22/2022

<b>Contract Month</b>	<b>Settle</b>	<b>Estimated Basis 800 lb Steer Central KY</b>	<b>Estimated Price per 100wt 800 lb Steer</b>	<b><i>Estimated Price per 100wt 825 lb Steer (\$4 Slide)</i></b>
Mar-22				
Apr-22				
May-22				
Aug-22				
Sep-22				
<b>Oct-22</b>	<b>\$183</b>	<b>-\$10</b>	<b>\$173</b>	<b>\$172</b>
Nov-22				

*Note: Est. basis for potload groups*

# Expected Variable Costs Steers on Pasture 2022

	<b>550 lb Steer</b>
Pasture Charge	\$33
Vet	\$20
Interest	\$33
Death Loss	\$25
Sale	\$18
Haul	\$16
Mineral	\$11
Other (water, etc)	<u>\$11</u>
<i>Total Variable Costs</i>	<i>\$164</i>

*Note: 1.1 acre of pasture per steer, 183 total days.*

# **Target Purchase Prices Various Gross Profits 550 lb Steer on Pasture 2022**

<b>Gross Profit</b>	<b>Purchase Price</b>
<b>\$50</b>	<b>\$2.19</b>
<b>\$75</b>	<b>\$2.14</b>
<b>\$100</b>	<b>\$2.10</b>
<b>\$125</b>	<b>\$2.06</b>
<b>\$150</b>	<b>\$2.01</b>

*Notes: Based on \$164 variable costs and sales price of \$1.72/lb for 825 lb sales weight.*

**Profitability Scenarios 2022**  
**Sell 850 lb Feeder \$1.69/lb**  
**Corn Gluten Soyhull Mix at 2.3 lbs/day Gain**

<b>Calf - Buy Price (500 lbs)</b>	<b>\$1.85</b>	<b>\$1.90</b>	<b>\$1.95</b>
<b>Calf - Cost</b>	<b>\$1,018</b>	<b>\$1,045</b>	<b>\$1,073</b>
<b>Total Feed</b>	<b>\$179</b>	<b>\$179</b>	<b>\$179</b>
<b>Total Hay</b>	<b>\$50</b>	<b>\$50</b>	<b>\$50</b>
<b>Vet/Medical</b>	<b>\$25</b>	<b>\$25</b>	<b>\$25</b>
<b>Mineral</b>	<b>\$8</b>	<b>\$8</b>	<b>\$8</b>
<b>Commission</b>	<b>\$18</b>	<b>\$18</b>	<b>\$18</b>
<b>Trucking</b>	<b>\$10</b>	<b>\$10</b>	<b>\$10</b>
<b>Interest (calf)</b>	<b>\$20</b>	<b>\$20</b>	<b>\$20</b>
<b>Death Loss (%)</b>	<b>\$25</b>	<b>\$25</b>	<b>\$25</b>
<b>Other</b>	<b>\$5</b>	<b>\$5</b>	<b>\$5</b>
<b>Total Revenue</b>	<b>\$1,437</b>	<b>\$1,437</b>	<b>\$1,437</b>
<b>Total Costs</b>	<b><u>\$1,357</u></b>	<b><u>\$1,385</u></b>	<b><u>\$1,412</u></b>
<b>Gross Profit</b>	<b>\$79</b>	<b>\$52</b>	<b>\$24</b>

*Note: Intakes of 1.4% corn gluten-soyhulls and 1.45% hay based on weight which allows for 5% and 15% waste for the two feeds respectively. Does not account for labor, equipment operation costs, and fixed costs.*

# Spring Background vs. Stockering Summary

- *Not sure how backgrounders can compete this spring with high feed costs.*

# Deciding When to Sell

## Value of Gain vs. Total Cost of Gain

**\$3 price slide 100wt; \$1.40/lb 800 lb steer**

Weight	Value of Gain (last 50 lbs)	Total Cost of Gain (last 50 lbs)
700	—	—
750	\$1.20	\$0.88
800	\$1.18	\$0.94
850	\$1.14	\$1.00
<b>900</b>	<b>\$1.12</b>	<b>\$1.06</b>
950	\$1.08	\$1.10

*Assumes 1.4% bodyweight corn gluten-soyhulls at \$280/ton and 1.45% bodyweight hay at \$75/ton. Other costs of \$.23/day*

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Mar-22	\$156	-\$7	\$149	\$147
Apr-22	\$161	-\$6	\$155	\$153
May-22	\$165	-\$7	\$158	\$156
Aug-22				
Sep-22				
Oct-22				
Nov-22				

*Note: Est. basis for potload groups*



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**Questions?**