



Western Beef Development Centre

Thinking of Selling Bred Heifers in 2003?

Introduction

Given the expected reduction in the price of calves in the sale barn in the fall of 2002, some producers are considering backgrounding heifer calves this upcoming winter. These heifers will then be turned out on pasture with a bull next summer and sold as bred heifers in December of 2003. As expected, the question is always the same "...do you think there is any money to be made with this proposition?" The answer to this question depends on a number of different factors. The purpose of this article is to provide an example of the costs and returns that may be expected when feed, bedding and grazing are priced into the operation at market value.

Costs

First, assume that in October of 2002 a producer will pay \$112/cwt. for forty 550 lb. heifers delivered to his yard. Also assume these heifers will gain 350 lbs. over the winter at a cost of \$0.90/lb. for feed and yardage (total cost of \$315/head). A cost of \$155 for grazing and overhead, to run these heifers with a bull on pasture and aftermath grazing from June 1 - November 1, 2003 will also be assumed.

These heifers will be pregnancy checked on November 1, 2003 and it will be found there is a conception rate of 90% (36 out of 40 are bred). The four open heifers will be sold two weeks later as opens at a local auction mart. The bred heifers will be sold December 1, 2003 at a local bred cow sale. The marketing costs associated with selling these bred heifers through the auction will be \$35/head plus an additional charge of \$10/head for the transportation of these 36 heifers to the auction mart. The open heifers will have a combined trucking and marketing charge of \$30/head. The cost of feeding the open and bred heifers from November 1, 2003 until the time they are sold will be \$1.85/day, when all feed and yardage is accounted for.

Revenues

We will assume the 4 open 1100 lb. heifers will be worth \$0.86/lb., and the 36 bred heifers will be worth \$1150/head.

The end result of this analysis is as follows:

Revenue	\$/Head
Average Total Revenue (4 opens @ \$946/hd + 36 breds @ \$1150/hd)	1,129.60
Costs	
Cost of Heifers Entering Yard October 2002 (550 lbs @ \$112/cwt)	616.00
Cost of Backgrounding October 1, 2002 – May 20, 2003 (350 lbs @ \$0.90/lb. of gain)	315.00
Cost of Grazing, Breeding and Overhead -Summer '03	155.00
Average Cost of November 2003 Feeding (4 head/14 days + 36 head/30 days) @ \$1.85/day	52.54
Average Marketing & Trucking Charge (4 opens @ \$30/hd + 36 breds @ \$45/hd.)	43.50
Average Total Costs	1,182.04
Net Gain	\$-52.44

Conclusion

In this analysis it appears purchasing bred heifers in the fall of 2003 will cost less than raising heifer calves purchased in the fall of 2002. However, please note this example is only an estimate of the actual costs and returns that may result. If there is no drought in 2003, the numbers used in this analysis will likely be irrelevant. Furthermore, this analysis does not take into account interest on the value of the heifers, feed, etc. that could have been earned if these assets were converted to cash.