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AN ECONOMIC PERSPECTIVE OF AN INTEGRATED EAST TEXAS STOCKER AND HIGH PLAINS FEEDER OPERATION

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Background. Climatic conditions in East Texas allow for the production of high quality pastures during the winter and spring. These annual pastures are often costly to produce and are most profitably utilized by animals that will convert them to higher value products. Successful stocker cattle programs depend on availability of forage, feeder cattle and markets, credit, etc. Some producers retain ownership of their calves post-weaning and other producers purchase calves in order to utilize high quality winter/spring forages in a stocker-feeder enterprise. Once the grazing period is complete, the stocker operator must decide whether it will be more profitable to sell the cattle or maintain ownership and place them in a feedlot. This decision also requires estimates of animal feedlot performance and future fed cattle prices. This brief reports on the feasibility of grazing Mexican crossbred steers and 1/2 Simmental : 1/4 Hereford : 1/4 Brahman (domestic) steers at TAES-Overton from November-December, 1991 to June, 1992, with a subsequent feedlot period in a commercial feedlot in the High Plains of Texas.

Research Findings. Simmental crossbred steers were reared on high-stocked pastures and weaned at 474 lbs on September 30, 1991. The pay weight of 455 lbs (4% shrink) and price (\$92/cwt) for domestic steers compared to Mexican steers with a 455-lb pay weight and \$104/cwt delivered to Overton (Table 1). Off-pasture market values of \$75/cwt for 750- to 850-lb steers represented a significant negative margin. Delayed grazing of sod-seeded rye-ryegrass until late January resulted in pasture costs/lb gain of \$.43 for Mexican steers which was substantially higher than the \$.23/lb gain for domestic steers grazing prepared seedbed pastures. At termination of the winter pasture period, total pasture phase costs represented a positive \$130 value for domestic steers and a negative \$37 for Mexican steers. Continued ownership through the feedlot phase added another \$130 return to the domestic steers (\$260.88 overall), and \$81 to the Mexican steers (\$43.92 overall).

Application. Agricultural production has numerous risks associated with both biological and economic factors. Certainly, the financial stability necessary to maintain continuous ownership of steers through the stocker-feeder phase(s) can reflect positive economic rewards. Results from this experiment indicate preliminary recommendations that would favor either domestic or Mexican steers being backgrounded on East Texas winter pastures prior to feedlot finishing. These value-added activities offer additional profit potential beyond the cow-calf phase.

Some noteworthy considerations necessary to secure profits include careful planning prior to making buy-sell decisions, taking advantage of risk management programs and software, and judicious use of forage resources for optimum livestock growth.

Table 1. Actual economic performance for Simmental crossbred (domestic) and Mexican steers.

Item	DOMESTIC		MEXICAN	
	Date	Per Hd	Date	Per Hd
On-Pasture Pay Weight (lbs)	26 Nov 91	455	09 Dec 91	455
Delivered Price (\$/cwt)		\$92.00		\$104.00
Off-Pasture Pay Weight (lbs)	02 Jun 92	858	02 Jun 92	752
Market Value Off-Pasture (\$/cwt)		\$75.00		\$75.00
In-Feedlot Pay Weight (lbs)		822		718
End Feedlot Pay Weight (lbs)	20 Sep 92	1321	25 Oct 92	1182
Selling Price (\$/cwt) ¹		\$75.50		\$76.50
PASTURE PHASE COSTS				
stocker steer (\$/hd)		\$418.60		\$473.20
winter pasture costs (\$/hd)		\$56.50		\$71.53
supplements, feed, hay, etc. (\$/hd)		\$13.76		\$26.85
animal health (\$/hd)		\$3.95		\$7.08
interest (8%)/(\$/hd)		<u>\$20.41</u>		<u>\$22.70</u>
TOTAL PASTURE PHASE COSTS (\$/hd)		\$513.22		\$601.36
Total Pasture Production Costs (\$/hd)		\$94.62		\$128.16
Pasture Phase Cost/lb Gain (\$/lb)		\$0.23		\$0.43
FEEDLOT PHASE COSTS				
feeder steer (\$/hd)		\$643.50		\$564.00
feed plus interest (\$/hd)		\$207.94		\$241.02
cattle interest (8%)		<u>\$15.51</u>		<u>\$17.92</u>
TOTAL FEEDLOT PHASE COSTS (\$/hd)		\$866.95		\$822.94
Total Feedlot Production Costs (\$/hd)		\$223.45		\$258.94
Feedlot Phase Cost/lb Gain (\$/lb)		\$0.45		\$0.56
SUMMARY				
Cash Receipts from Sale (\$/hd)		\$997.36		\$904.23
Stocker Steer Cost (\$/hd)		\$418.60		\$473.20
Pasture Phase Costs (\$/hd)		\$94.62		\$128.16
Feedlot Phase Costs (\$/hd)		<u>\$223.45</u>		<u>\$258.94</u>
Returns to Other Factors				
of Production (\$/hd)²		\$260.68		\$43.92
Overall Stocker-Feedlot				
Cost/lb Gain (\$/lb)		\$.3673		\$.5325

¹Represents change in market with time. All cattle sold in pen-lot and not on yield-grade basis.

²No charges included for land, transportation or management.