Financially, the U.S. cattle feeding sector has continued to struggle during recent months. Projected breakeven sale prices, as calculated by the Livestock Marketing Information Center (LMIC) using all economic costs of production, have not been covered 22 of the last 24 months (through November 2016). Average Southern Plains feedlot profitability for November remained in the red. But, that picture is improving due to lower costs for both feeder cattle and feedstuffs.

Weights of cattle being sold have been below 2015’s as have the number of days animals have been on-feed. Kansas State University (KSU) Department of Animal Sciences collects monthly closeout averages from some commercial feedlots and publishes the results in “Focus on Feedlots”, the report is available here. Their October summary was released earlier this week. Steers sold in October had a live weight average of 1426 pounds, which was 46 pounds below a year earlier. Steers were on-feed for an average of 152 days compared to 171 one year ago. Year-over-year declines in sale weight and days on-feed also occurred for heifers sold in October. Of course, those factors are another indication that the slow marketing rates of 2015 did not repeat this year.

The KSU report does not give the cost of feeder animals, but it does provide an average cost of gain, which includes feedstuffs, yardage (daily charge to house/feed an animal), and death loss. Steer and heifer closeouts in October had average cost of gain of $73.83 and $79.49, respectively. Further, cooperating feedlots projected cost of gain for animals placed in November was below October’s. For both steers and heifers, October’s cost of gain was the lowest for any month since November 2010.

Average daily gain (ADG) in the feedlot was about the same as 2015’s, according the KSU report. Steers sold in October had an ADG of 3.73 pounds while heifers came in at 3.29 pounds.

As of mid-November, cooperating feedlots reported that their average cost of corn was $3.29 per bushel, which was the lowest for any month since October 2006. Ground Alfalfa hay averaged $98.31 per ton, the lowest posted since March 2006. Compared to a year ago, lower feeder cattle prices and feedstuff costs have significantly decreased estimated breakeven sales prices in coming months. Using all economic costs (including the cost of the feeder animal, and interest), for a typical Southern Plains commercial feeding situation breakeven sales prices for steers placed into a feedlot during October and November of this year (entering the feedlot at about 750-pounds) were calculated by the LMIC to be in the $106.00 to $109.00 per cwt. range. If realized, those would be the lowest since the first quarter of 2011.