

Title: Can I afford a Market Project?

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Last year I lost money on my market project. I fed my steer 45 days longer than I should have because I included extra animals and did not add enough feed. This year I decided to better manage my money. This allows me to know most of my expenses and to make better choices. On the Idaho 4-H Website (<http://www.4h.uidaho.edu/default.aspx?pid=101747>) there are 4-H Livestock Cost and Returns Estimate worksheets available for beef, sheep and swine projects to help you plan your financial and cash flow needs.

There are two basic items to help me determine my yearly net profit for my project, they are expenses and income. Inventory also helps me determine the value of my project if I wanted to sell everything or determine what the project is worth.

Expense records can include: animal, feed, health, marketing, hauling, supplies, equipment repair, facilities, and equipment. Most of these expenses are variable, meaning they increase with more animals and decrease with fewer animals raised. These variable costs are also the expenses where I can make better choices and select less expensive items. Facilities and equipment are fixed costs, meaning they will happen no matter the outcome of my project. Fixed costs have a set price that costs the same over a determined number of years. Opportunity costs can include labor and operating interest expenses. These expenses calculate the value of what my time is worth and what it costs me to use my own money or banks money.

Last year I purchased my grain as I needed it, and my prices jumped up and down all summer long. This year I hope to avoid the price jumping by purchase my grain all at once at a low price and then pick the grain up as needed. If you decide to purchase and take your grain all at once, be careful of mold in your stored feed. My supplement was also expensive, so I am talking with other feed companies to see what my options are.

Income or revenue is the potential income I will receive from my animals. I plan to use my animals at home for freezer meat and to sell to friends and neighbors. In order to determine the potential income you take market price multiplied by animal finish weight. Members will also have the opportunity to receive blue sky money from community members at the fair livestock auction.

So what do I think it will cost me?

Here are a few assumptions. I purchased my animal two weeks before weigh-in. I purchased all my feed at one time. Market value is August trading prices. Hay - \$200/Ton **Beef:** feeder steer- 600 lbs at 1.40/lbs; market steer-1200 lbs at 1.24/lbs; Hay- 1400 lbs; Grain- 2800 lbs at .22/lbs. **Swine:** feeder pig- \$140; market pig- 270 lbs at .73/lbs; Grain-665 lbs at .33/lbs. **Sheep:** feeder lamb- \$150; market lamb- 140 lbs at .95/lbs; Hay- 160 lbs; Grain- 4 bags at \$12/bag.

Market Project:	Beef	Swine	Sheep	Your Project
Expenses				
Animal	840	140	150	_____
Feed - Hay	140	0	12	_____
Feed - Grain	616	224	48	_____
Health	15	5	5	_____
Marketing	0	0	0	_____
Hauling	30	30	30	_____
Supplies	20	10	10	_____
Equipment repair	10	10	10	_____
Facilities	35	35	35	_____
Equipment	30	30	30	_____
Total Costs	1736	484	330	_____
Income				
Floor price	0	0	0	_____
Blue Sky price	0	0	0	_____
Home use price	1488	197.1	133	_____
Net Profit	-248	-286.9	-197	_____

My goal this year is to break even or make a profit and if you look at my estimates that may not happen very well. I will have to keep my variable costs down as much as possible and receive higher prices per pound for my finished animal.

- ❖ What are your estimated expenses?
- ❖ What is your estimated income?
- ❖ Is that a net profit or loss?
- ❖ How can you decrease your expense or increase your income?