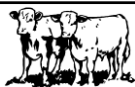


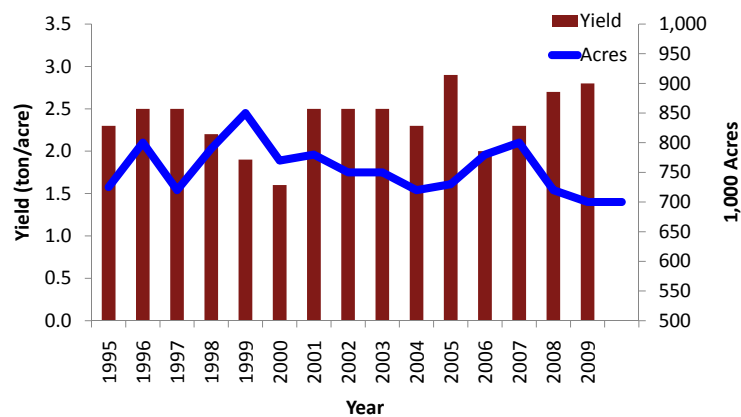


Economic Considerations in Grazing Systems: Costs and Benefits

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Agricultural Economics
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MS Hay Production





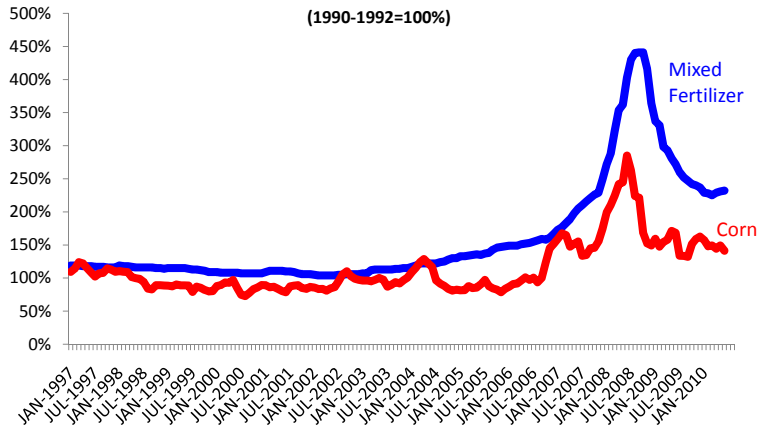
MS Pasture Condition



**ECONOMICAL GRAZING IS
A MUST IN TODAY'S
ENVIRONMENT**

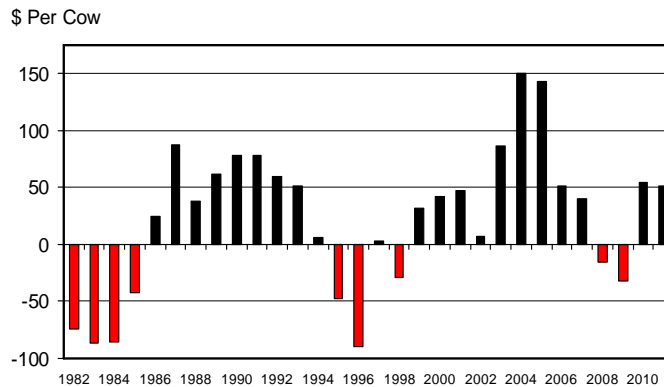


Increased Input Prices



ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual





Why Is This Important?

- ❑ Pasture and hay account for approximately 60% of yearly cow maintenance costs
- ❑ Pasture and hay account for approximately 75% of stocker costs



EVALUATING GRAZING SYSTEMS



Grazing System Evaluation

- Partial Budget Analysis
 - Summarizes the cost/benefit that would be expected to change in a new or revised production system
 - Includes 4 elements
 - Increased costs
 - Decreased revenues
 - Increased revenues
 - Decreased costs



Grazing System Evaluation

- Partial Budget Analysis example
 - Current system: continuous grazing
 - Potential system: rotational grazing
- Considerations
 - Equipment and Fertilizer cost (savings)
 - Management/Labor costs (savings)
 - Production gains (losses)



Partial Budgeting for Analyzing Grazing Profitability

Increased Costs

Fencing
 Water
 Labor
 Fertilizer

Increased Revenue

More pounds weaned
 Increased Conception Rates

Decreased Revenue**Decreased Costs**

Less supplemental feed



Partial Budgeting Example: 100 hd Cow/Calf

Increased Costs

Fencing \$4,000 → \$400/yr
 Water \$3,500 → \$350/yr
 Labor \$1,500
 Fertilizer \$750

Increased Revenue

More pounds weaned \$2,300
 Increased Conception Rates \$2,700

Decreased Revenue**Decreased Costs**

Less supplemental feed \$750

Total additional costs +reduced revenue = \$3,000

Total additional revenue +reduced costs = \$5,750

Total Profit = \$2,750





EVALUATING STOCKING RATES



Stocking Rate

- Decreasing your stocking rate --
 - Per cow cost will increase
 - Assume pasture maintenance costs are \$225/ac
 - 1 cow/acre = \$225/cow
 - ½ cow/acre = \$450/cow
 - Feed cost will decrease



Conclusions

- ❑ Forage costs account for a significant proportion cost to a livestock operation
- ❑ Thoughtful analysis should be conducted prior to implementing changes to your grazing systems
- ❑ A balance should be struck when considering stocking rates



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QUESTIONS?

