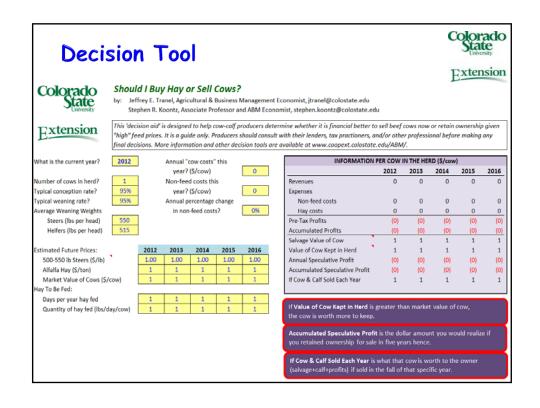


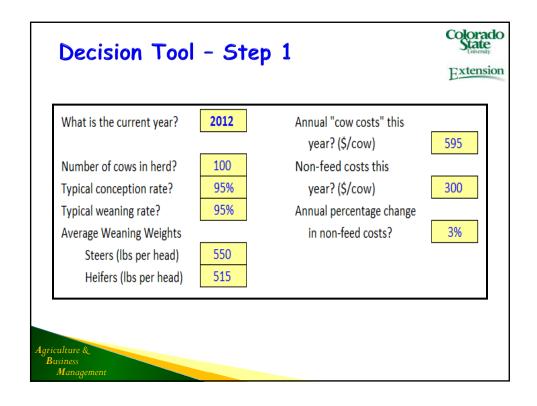
Should I Buy Hay or Sell Cows?

Ag In Uncertain Times webinar 2012 November 20

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Colorado State University Extension







Decision Tool - Step 2



Estimated Future Prices:	2012	2013	2014	2015	2016		
500-550 lb Steers (\$/lb)	1.49	1.60	1.75	1.55	1.60		
Alfalfa Hay (\$/ton)	300	350	225	225	225		
Market Value of Cows (\$/cow)	1,100	900	1,500	1,800	2,000		
Hay To Be Fed:							
Days per year hay fed	120	240	120	120	120		
Quantity of hay fed (lbs/day/cow)	25	25	25	25	25		

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Decision Tool - Results



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INFORMATION PER COW IN THE HERD (\$/cow)						
	2012	2013	2014	2015	2016	
Revenues	698	751	822	727	751	
Expenses						
Non-feed costs	300	309	318	328	338	
Hay costs	450	1,050	338	338	338	
Pre-Tax Profits	(52)	(608)	167	61	75	
Accumulated Profits	(52)	(661)	(494)	(433)	(357)	
Salvage Value of Cow	1,100	900	1,500	1,800	2,000	
Value of Cow Kept in Herd	743	595	1,803	1,937	2,075	
Annual Speculative Profit	(357)	(305)	303	137	75	
Accumulated Speculative Profit	(357)	(662)	(359)	(222)	(147)	
If Cow & Calf Sold Each Year	1,048	239	1,006	1,367	1,643	

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Decision Tool - Results



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If **Value of Cow Kept in Herd** is greater than market value of cow, the cow is worth more to keep.

Decision Tool - Results



Extension

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Value of Cow Kept in Herd	743	505	1,803	1,037	2,075	
Annual Speculative Profit	(357)	(305)	303	137	75	
Accumulated Speculative Profit	(357)	(662)	(359)	(222)	(147	
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Accumulated Speculative Profit is the dollar amount you would realize if you retained ownership for sale in five years.

Decision Tool - Results



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If Cow & Calf Sold Each Year is what that cow is worth to the owner (salvage+calf+profits) if sold in the fall of that specific year.

Consult Advisor - Before Action



- ☐ Your income tax preparer.
- ☐ Lender.
- ☐ Partners.
- ☐ People from whom you lease pasture.
- ☐ Family.

Resources:

- ✓ farmmanagement.org
- ✓ ruraltax.org
- ✓ coopext.colostate.edu/tranel/





