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## ECONOMICS OF PASTURE-BASED LIVESTOCK PRODUCTION



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### Reasons Started Grazing 13 NY and PA Dairy Farms

- Greater profit-9
- Improved animal health-6
- Trouble growing crops-3
- Like cows outside-3
- Lower capital expenses-3
- Subsidy payments-1
- Environmental concerns-1

Soder, K., USDA-ARS, University Park, PA. 2006.

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### Economics of Grazing

<p>Positives</p> <ul style="list-style-type: none"> <li>• Lower Input Costs           <ul style="list-style-type: none"> <li>– Labor, purchased feeds, equipment....</li> </ul> </li> <li>• Niche Markets           <ul style="list-style-type: none"> <li>– Organic, Grass Fed, Natural, etc.</li> </ul> </li> </ul>	<p>Negatives</p> <ul style="list-style-type: none"> <li>• Lower Production           <ul style="list-style-type: none"> <li>– Milk / cow / day</li> <li>– Average Daily Gain</li> </ul> </li> </ul>
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### Financial Performance of Grazing Dairy Farms, 2005

# Herds	115
Avg. Cows / Herd	99
Avg. Annual Milk / Cow, lbs.	16,208
Avg. Mailbox Milk Price, \$ / CWT	16.79
NFIFO / Farm, \$	62,372
NFIFO / Cow, \$	631
NFIFO / CWT, \$	2.92

NFIFO - Net Farm Income from Operations – The income after all costs except unpaid opportunity costs have been accounted for.

Data from Michigan, New York, Ohio, Ontario, and Wisconsin.

Great Lakes Grazing Network. 2007. Dairy Grazing Farms Financial Summary: Sixth Year Report. On-line: <https://cdp.wisc.edu/>

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## Financial Performance of Top vs. Bottom Half of Graziers, 2005

	Top Half	Bottom Half
# Herds	57	58
Avg. Cows / Herd	83	119
Avg. Annual Milk / Cow, lbs.	15,851	16,472
Avg. Mailbox Milk Price, \$ / CWT	16.42	16.93
NFIFO / Farm, \$	78,094	46,518
NFIFO / Cow, \$	942	390
NFIFO / CWT, \$	4.47	1.78

Cost categories with biggest advantage for Top Half producers were paid labor and management, other livestock expenses, depreciation, interest, and feed purchased.

Great Lakes Grazing Network. 2007. Dairy Grazing Farms Financial Summary: Sixth Year Report. On-line: <https://cdp.wisc.edu/>

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## Financial Performance of Graziers vs. Confinement Dairy Farms, 2005

	Wisconsin		New York	
	Graze	Conf.	Graze	Conf.
# Herds	41	617	50	185
Avg. Cows / Herd	68	133	103	392
Avg. Annual Milk / Cow, lbs.	16,700	21,788	17,113	23,335
Avg. Mailbox Milk Price, \$ / CWT	16.79	15.83	17.10	15.97
NFIFO / Farm, \$	54,308	95,171	62,429	216,117
NFIFO / Cow, \$	800	716	605	551
NFIFO / CWT, \$	3.50	2.51	2.65	2.01

Great Lakes Grazing Network. 2007. Dairy Grazing Farms Financial Summary: Sixth Year Report. On-line: <https://cdp.wisc.edu/>

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## Major Dairy Costs, as % of income

Item	Grazing	Confinement
Purchased Feeds	20.5	18.8
Non-Livestock depreciation	9.7	10.1
Paid Labor and Management	5.6	10.5
Interest	5.0	5.7
Repairs	4.8	4.2
Supplies	3.8	3.0
Other Farm Expenses	3.1	3.7
Rent	2.3	5.3

Great Lakes Grazing Network. 2007. Dairy Grazing Farms Financial Summary: Sixth Year Report. On-line: <https://cdp.wisc.edu/>

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## Pasture vs. Confinement Beef Finishing

	Confinement	Pasture
Days on Feed	276	283
Initial Body Weight, lbs	334	321
Final Body Weight, lbs	1208	1170
ADG, lbs	3.17	2.99
DMI, lbs	16.6	13.3

Faulkner, D.B., D. W. Shike, and F. A. Ireland. 2010. Confinement Versus Pasture and Traditional Versus Naturally Raised Finishing Influences Performance, Carcass, and Economic Characteristics of Early-Weaned Steers. The Professional Animal Scientist 26:484-488.

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## Pasture vs. Confinement Beef Finishing

	Confinement	Pasture
Feed Cost / Day, \$	0.96	0.78
Feed Cost, \$	265	221
Total cost, \$	394	346
Carcass Value, \$	1,006	955
Return, \$	611	609

Feed cost based on 5 year average (2002 – 2006) from USDA.

Faulkner, D.B., D. W. Shike, and F. A. Ireland. 2010. Confinement Versus Pasture and Traditional Versus Naturally Raised Finishing Influences Performance, Carcass, and Economic Characteristics of Early-Weaned Steers. The Professional Animal Scientist 26:484–488.

## THANK YOU!



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