Econ 337 Agricultural Marketing, Spring 2018
In Class Activity 3, March 20, 2018

1. Use the Basis and Price Forecast tool from BeefBasis.com. Use the information provided to forecast feeder cattle prices. Record the basis estimate, feeder cattle futures price, and calculate the cash forecast.

State	Kansas			Kansas		
Location	Pratt Livestock Auction			Winter Livestock Auction – Dodge City		
Sex	Steer			Steer		
Frame	Lg & Med/Lg			Lg & Med/Lg		
Grade	1			1		
Weight	750 lbs/head			750 lbs/head		
Head	100			100		
Expected Sale Date	Basis	Futures	Cash Forecast	Basis	Futures	Cash Forecast
3/23/2018						
3/30/2018						
4/6/2018						
4/13/2018						

Which expected sale date and auction market is expected to offer the highest price?

2. Use the Value of Gain tool from BeefBasis.com. Consider the case of buying 700-pound steers on March 23, 2018 and selling them at 750, 800, or 900 pounds in the future using the Farmers and Ranchers Livestock Commission – Salina, Kansas market location for appraisal. Assume Lg & Med/Lg frame, grade 1, and 100 head. Record the projected value of gain, $/cwt, in the table below.

Placement Date	Marketing Date	Placement Weight, lbs	Marketing Weight, lbs	Weight Gain, lbs/head	Value of Gain, $/Head	Value of Gain, $/cwt
03/23/18	04/14/18	700	750	50		
03/23/18	04/20/18	700	750	50		
03/23/18	05/28/18	700	800	100		
03/23/18	06/16/18	700	800	100		
03/23/18	06/11/18	700	900	200		
03/23/18	07/01/18	700	900	200		

3. Use the following projected value of gain estimate and cost of gain estimates (e.g., $40, … $80) to calculate the increased value per head. Also, make this calculation for 80% of the projected value of gain.

   Placement Date: 3/23/2018
   Marketing Date: 4/14//2018
   Placement Weight, lbs: 700
   Marketing Weight, lbs: 750
   Weight Gain, lbs/head: 50
   Value of Gain, $/cwt: $67.50

   Hint: Increased Value, $/head = Value of Gain (VOG) – Cost of Gain (COG)
   = (VOG * Weight gain) – (COG * Weight Gain)

   * Be sure to use consistent units for weight gain, i.e., lbs or cwt.

	Increased Value, $/head	
	Projected VOG, $/cwt	80% of Projected VOG, $/cwt
COG, $/cwt		
$40.00		
$50.00		
$60.00		
$70.00		
$80.00		

Based on the value per head calculations, should you consider adding additional weight to these feeders before marketing? If so, under what circumstances?