Feedlot Economics from the Packer-Feeder Game
Assuming a $.48/lb cost of gain each week since the following cattle where purchased calculate the breakeven selling price for each pen of cattle in week #22.

<table>
<thead>
<tr>
<th>Current weight</th>
<th>Purchase price $/cwt</th>
<th>Purchase cost $/head</th>
<th>Feed cost $/head</th>
<th>Total Cost $/head</th>
<th>Breakeven $/cwt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1100</td>
<td>97.95</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1125</td>
<td>97.71</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1150</td>
<td>99.49</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1175</td>
<td>97.94</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1200</td>
<td>98.71</td>
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</tbody>
</table>

Now calculate the breakeven price for the cattle that are 1100# today over the coming weeks/weights

<table>
<thead>
<tr>
<th>Weight</th>
<th>1100</th>
<th>1125</th>
<th>1150</th>
<th>1175</th>
<th>1200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakeven</td>
<td></td>
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</table>

A packer is offering $79/cwt for 1150# cattle today or $81.25/cwt for 1200# cattle in two weeks. Which bid do you take? Show your work?

Packer Bid Price Development
Cattle weight
Boxed Beef Price $/cwt
Discounts
  Select
  Yield Grade
  Carcass weight
Adjusted box beef price $/cwt
Convert to live price $/cwt
Add in by-products $/cwt
Subtract cost & profit $/cwt
Expected breakeven $/cwt
Quick and dirty method $/cwt

What is the most profitable animal for a packer to buy, all else equal? Why?
What is the most profitable animal for a feedlot to sell all else equal? Why?

Describe the price discovery process that your team used in the Packer Feeder Game. What steps were involved and what information did you use?

What additional information would you like to have had in your negotiations?

Do you think your team would have been more or less profitable if there had been centralized price discovery rather than decentralized price discovery? Why?

Did you contract cattle? Why did you make the decision that you did regarding contracts?

Discuss the advantages and disadvantages of formula pricing as a form of price discovery.