



Graduate Extension Scholars Program

Understanding Business Structures, Markets, and Risk Management Strategies Handout 4.2 _____ **Publication ALCE-177-H**

Farmer Scenarios

There are 16 different farmer scenarios provided in this handout. Each unique scenario can be used with a separate group.

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Farmer 1

You have \$35,000 in operating money for the year. You will market 20 beef cattle this year, and you purchase the cattle for \$825 per head initially.

Based on previous seasons, you will have fixed costs of \$150 per head. Without the cooperative, your variable costs (feed, vet, etc.) are \$475 per heifer.

What are your total costs per head without the cooperative?

What is your breakeven for the year?

If you went short on a futures contract today for your cattle, which weigh 1,200 lbs. each, what would your total revenue be? What would your profit be?

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Farmer 2

You have \$150,000 in operating money for the year. You will market 100 beef cattle this year, and you purchase the cattle for \$800 per head initially.

Based on previous seasons, you will have fixed costs of \$150 per head. Without the cooperative, your variable costs (feed, vet, etc.) are \$475 per heifer.

What are your total costs per head without the cooperative?

What is your breakeven for the year?

If you went short on a futures contract today for your cattle, which weigh 1,220 lbs. each, what would your total revenue be? What would your profit be?

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Farmer 3

You have \$115,000 in operating money for the year. You will market 80 beef cattle this year, and you purchase the cattle for \$850 per head initially.

Based on previous seasons, you will have fixed costs of \$100 per head. Without the cooperative, your variable costs (feed, vet, etc.) are \$425 per heifer.

What are your total costs per head without the cooperative?

What is your breakeven for the year?

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Farmer 4

You have \$17,500 in operating money for the year. You will market 10 beef cattle this year, and you purchase the cattle for \$855 per head initially.

Based on previous seasons, you will have fixed costs of \$170 per head. Without the cooperative, your variable costs (feed, vet, etc.) are \$475 per heifer.

What are your total costs per head without the cooperative?

What is your breakeven for the year?

If you went short on a futures contract today for your cattle, which weigh 1,210 lbs. each, what would your total revenue be? What would your profit be?

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Farmer 5

You have \$1,415,000 in operating money for the year. You will market 1,000 beef cattle this year, and you purchase the cattle for \$820 per head initially.

Based on previous seasons, you will have fixed costs of \$70 per head. Without the cooperative, your variable costs (feed, vet, etc.) are \$475 per heifer.

What are your total costs per head without the cooperative?

What is your breakeven for the year?

If you went short on a futures contract today for your cattle, which weigh 1,200 lbs. each, what would your total revenue be? What would your profit be?

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Farmer 6

You have \$103,000 in operating money for the year. You will market 70 beef cattle this year, and you purchase the cattle for \$855 per head initially.

Based on previous seasons, you will have fixed costs of \$70 per head. Without the cooperative, your variable costs (feed, vet, etc.) are \$485 per heifer.

What are your total costs per head without the cooperative?

What is your breakeven for the year?

If you went short on a futures contract today for your cattle, which weigh 1,215 lbs. each, what would your total revenue be? What would your profit be?

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Farmer 7

You have \$365,500 in operating money for the year. You will market 250 beef cattle this year, and you purchase the cattle for \$815 per head initially.

Based on previous seasons, you will have fixed costs of \$120 per head. Without the cooperative, your variable costs (feed, vet, etc.) are \$455 per heifer.

What are your total costs per head without the cooperative?

What is your breakeven for the year?

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Farmer 8

You have \$55,500 in operating money for the year. You will market 35 beef cattle this year, and you purchase the cattle for \$865 per head initially.

Based on previous seasons, you will have fixed costs of \$200 per head. Without the cooperative, your variable costs (feed, vet, etc.) are \$465 per heifer.

What are your total costs per head without the cooperative?

What is your breakeven for the year?

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