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Costs and Returns for Illinois Beef Producers in 2023

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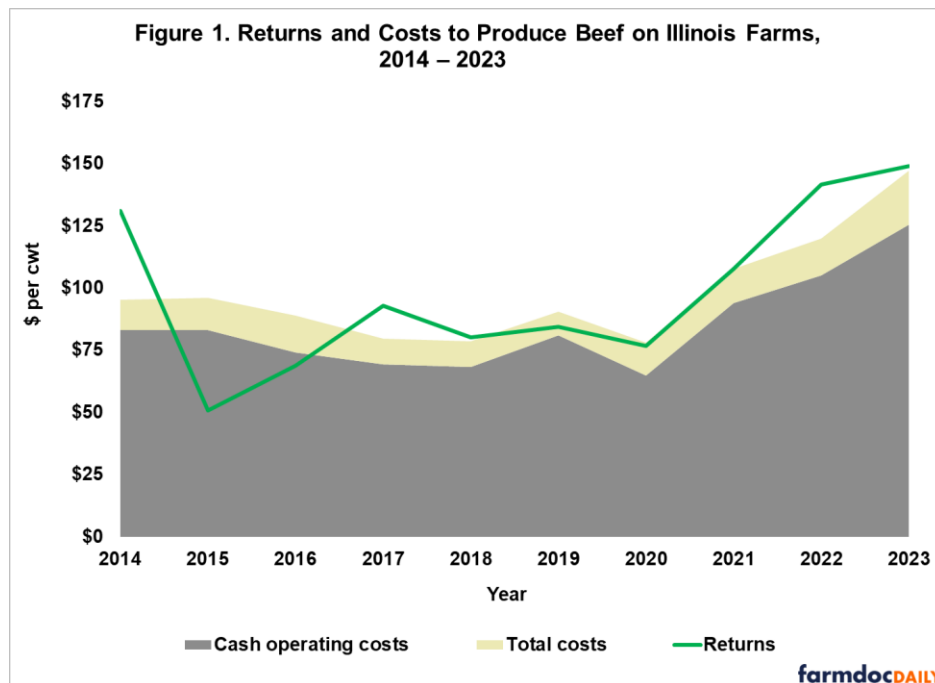
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Total **economic** returns in 2023 for Illinois beef feeding enterprises exceeded total costs by \$2.04 per 100 pounds of beef produced in preliminary findings for farms enrolled in Illinois Farm Business Farm Management. The 2023 returns were lower than the 2022 total returns above all costs (2022 was the highest since this study began) by \$19.73 per 100 pounds produced. Total returns have exceeded total economic costs in five out of the last ten years. The 2023 level of return above all costs was \$1.89 per 100 pounds beef produced above the average return above all costs for the 2014 through 2023 period. Figure 1 illustrates average returns, cash operating costs and total costs for this same period.



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Higher Total Returns

The higher prices received contributed to the higher total gross returns for these enterprises. Total gross returns per 100 pounds produced increased from \$141.65 in 2022 to \$149.12 in 2023. Total gross returns for 2023 were the highest on record. The average price received per 100 pounds of beef sold of \$166.79 was 16 percent higher than 2022. This price was the highest price received since this study began. The average price paid for feeder cattle replacements in 2023 of \$210.96 was 31 percent higher than 2022. This was the highest price paid for feeder cattle replacements, even higher than 2015. 2023 was the third year that the price paid for feeder cattle averaged over \$200.00 per hundredweight, with 2014 and 2015 being the other two years. The purchase cost of feeder cattle is subtracted from finished cattle sales in determining total gross returns per 100 pounds produced.

Feed Costs Continue to Increase

Higher costs were enough to lower net returns more than 2022 even with higher gross returns as compared to 2022. Feed costs increased 13 percent in 2023 as compared to 2022. Feed costs were \$97.23 per 100 pounds produced in 2023 compared to \$85.94 in 2022. Non-feed costs increased from \$33.94 per 100 pounds produced in 2022 to \$49.85 in 2023. Total interest of \$23.13 per 100 pounds produced makes up the largest portion of the non-feed costs. Feed and non-feed costs were \$147.08 per 100 pounds produced in 2023. Total costs in 2023 were \$27.20 per 100 pounds produced above 2022 and \$48.87 above the last ten-year average of \$98.21. Excluding the cost of feeder cattle, feed costs were 66 percent of the total cost to produce beef in 2023, compared to 68 percent for the four-year average.

Summary and Projections for 2024

Returns to cattle feeders decreased in 2023 compared to 2022 but still had positive economic returns. The increase in costs was the main factor for the decreased *economic* returns. Higher feed costs coupled with higher interest costs led to lower returns. Projections for 2024 show that beef production is estimated to decrease about 1% and thus market cattle prices are expected to increase about 5%. Returns for 2024 are projected to slightly increase due to similar cattle prices and feed costs will be lower with projected lower grain and forage prices. With these factors combined, *economic* returns to all costs for 2024 are estimated to be similar to higher than 2023.

The author would like to acknowledge that data used in this study comes from Illinois Farm Business Farm Management (FBFM) Associations across the state. Without their cooperation, information as comprehensive and accurate as this would not be available for educational purposes. FBFM, which consists of 5,000 plus farmers and 65 plus professional field staff, is a not-for-profit organization available to all farm operators in Illinois. FBFM field staff provide on-farm counsel with recordkeeping, farm financial management, business entity planning and income tax management. For more information, please contact the State FBFM Office located at the University of Illinois Department of Agricultural and Consumer Economics at 217-333-8346 or visit the FBFM website at www.fbfm.org.

More information

A more thorough report can be found at the University of Illinois *farmdoc* website:
<https://farmdoc.illinois.edu/handbook/cost-to-produce-beef-in-illinois>