

Will finishing merino lambs in a feedlot pay?

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Feedlotting lambs can be used as a management tool to meet market specifications and to value-add cereal grain irrespective of seasonal conditions. At this time of year feedlotting can also take pressure off pasture allowing a feed wedge to build up for other stock. However, producers need to be aware that while periods exist when returns justify the use of feedlot systems careful consideration must be given to the costs, likely returns and possible alternatives before committing to a feedlotting program.

Meat and Livestock Australia (MLA) estimates suggest that 10% of prime lambs nationally are finished within feedlot systems. The recent growth in interest and number of lamb feedlots has been driven by an ongoing domestic and export consumer demand for the consistent supply of quality lamb and due to ongoing drought and/or poor seasonal conditions.

So, with prices for prime lambs at seasonal highs, predicted winter lamb supply low and contracts available for well finished merino lambs, is it currently profitable to finish these lambs within a feedlot?

The Sheep CRC Feedlot Calculator (<http://www.sheepcrc.org.au/industry-tools-and-information/software/feedlot-calculator.php>) can assist merino lamb producers and finishers to confidently predict likely profit margins within a feedlot system. The analysis below uses the following assumptions:

- 40kg Merino wether lambs, short wool, starting value \$65
- Target weights of 48 and 54kg (21 and 24kg carcass weight assuming a 45% dress respectively). Gross returns of \$105.36 and \$117.38 based on \$4.60/kg HSCW
- No shearing costs or wool income were included.
- Lambs vaccinated, drenched, bred on-farm with \$5 transport cost to slaughter and 5% sale commission
- Cereal grain based ration with cereal hay and additives providing 11 MJ per kg DM and 12% crude protein
- Average daily growth rates of 180, 240 and 280 g/h/d
- Cereal grain costs from \$180, \$220 and \$260/tonne and overall ration costs of \$215, \$246 and \$275 respectively

Grain Cost		\$180/t	\$220/t	\$260/t
	Days fed	Profit	Profit	Profit
48 kg				
- 180g/h/d	44	6.93	4.62	2.41
- 240g/h/d	33	11.64	10.03	8.41
- 280g/h/d	29	13.66	12.33	10.99
54 kg				
- 180g/h/d	78	2.08	(-) 2.40	(-) 6.88
- 240g/h/d	58	10.81	7.53	4.25
- 280g/h/d	50	14.55	11.78	9.02

From the table we can see that it may well be worth finishing merino lambs in a feedlot system provided

- Reasonably high daily growth rates can be guaranteed
- grain cost are (preferably) less than \$220/tonne
- lambs return at least \$4.60 per kilo

For more detailed information on lamb feedlotting see

(http://www.dpi.nsw.gov.au/data/assets/pdf_file/0020/193313/Feedlotting-lambs.pdf).

Given the risk involved in terms of achieving high growth rates, accessing cheap grain and of receiving prices at or above 460c/kg HSCW is feedlotting the best option? While grain prices impact heavily on the profit margin when feedlotting the above analysis showed that ration costs in terms of total feedlot costs represent between 13 to 32% depending on base grain price and days on feed. Conversely the starting lamb value used (\$65) represented between 53 to 72% of total costs. The store lamb value therefore continues to have the greater impact on the feasibility of feedlotting regardless of breed type or cross, growth rates or feed conversion efficiencies.

Other options to consider include selling unfinished lambs, supplementing lambs at pasture or grazing early sown cereal crops. Winter cereals are generally high in protein (16-20%) energy (10-12 MJ/kg DM) and are highly digestible during early vegetative (growth) stages. However, low fibre content and possible mineral deficiencies may impact on production and cause scouring. Providing additional roughage (straw, hay or grain) and mineral supplements will reduce this risk. Stocking rates of 20-30 DSE/Ha and lamb growth rates in excess of 250grams per head per day are possible. For more information on grazing cereals see <http://products.grainandgraze.com.au/category/index.html>