

**NORTHWEST REGION
LARGE COW/CALF BUDGET 2018**

BREED HERD SIZE	333	COW to BULL	20	CALF CROP PERCENT ¹	83%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	50

VALUE OF PRODUCTION

	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
STEER CALVES	138	510	\$1.18	\$83,041	\$249.75	_____
HEIFER CALVES	88	485	\$1.23	\$52,564	\$158.09	_____
CULL COWS	65	900	\$0.62	\$36,200	\$108.87	_____
CULL BULLS	1	1200	\$0.64	\$768	\$2.31	_____
FEE HUNTING	1			\$10,000	\$30.08	_____
TOTAL	292			\$182,573	\$549.09	_____

VARIABLE COSTS

		<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
1. FEED COSTS							
	HAY	TON	25.00	\$155.00	\$3,875	\$11.65	_____
	STATE	AUY	45.0%	\$67.20	\$10,055	\$30.24	_____
	FEDERAL LEASE	AUY	35.0%	\$16.20	\$5,387	\$16.20	_____
	PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
	SALT & MINERAL	TON	12	\$710.00	\$8,617	\$25.92	_____
	PROTEIN SUPP	TON	47	\$355.00	\$16,525	\$49.70	_____
	TOTAL				\$44,458	\$133.71	_____
2. OTHER VARIABLE COSTS							
	VET AND MEDICINE				\$5,237	\$15.75	_____
	LIVESTOCK HAULING				\$1,387	\$4.17	_____
	HIRED LABOR				\$25,000	\$75.19	_____
	OPERATING COSTS-EQUIP & MACH				\$5,500	\$16.54	_____
	OPERATING COSTS-VEHICLE				\$7,000	\$21.05	_____
	RANCH MAINTENANCE				\$10,000	\$30.08	_____
	BEEF CHECKOFF				\$226	\$0.68	_____
	OTHER				\$18,000	\$54.14	_____
	TOTAL				\$72,350	\$217.59	_____
3. INTEREST ON VARIABLE COSTS							
	SUM OF VARIABLE COSTS X MONTHS BORROWED						
	X INTEREST RATE PER MONTH						
	ANNUAL INTEREST RATE				5.50%		
	NUMBER OF MONTHS BORROWED				6	VALUE PER COW	
	TOTAL				\$3,212	\$9.66	_____
TOTAL					\$120,020	\$360.96	_____
					\$62,552	\$188.13	_____

OWNERSHIP COSTS

		<u>ANNUAL CAPITAL RECOVERY⁴ (At Replacement Value):</u>	<u>REPRESENTS 65% ASSET OWNERSHIP⁵</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
CASH COSTS					
	Taxes & Insurance			\$6,631	\$19.94
	Overhead			\$4,000	\$12.03
	Total			\$10,631	\$31.97
NON CASH COSTS					
	Purchased Livestock			\$10,377	\$31.21
	Machinery & Equipment			\$6,631	\$19.94
	Housing & Improvements			\$42,587	\$128.08
	Interest on Retained Livestock ⁶			\$17,620	\$52.99
	Management & Operation Labor (6% of gross returns)			\$3,753	\$11.29
	Total			\$80,967	\$243.51
TOTAL FIXED COSTS				\$91,599	\$275.48
TOTAL CASH AND VARIABLE COSTS				\$130,652	\$392.94
TOTAL COSTS				\$211,619	\$636.45
RETURN ABOVE TOTAL CASH COSTS				\$51,921	\$156.15
RETURN ABOVE TOTAL COSTS				(\$29,046)	(\$87.36)

BREAKEVEN CALCULATIONS

	<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$87.42	\$95.16
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$87.42	\$154.13

1) Calf crop is defined as the actual number of calves sold divided, by the total number of cows (assuming all cows were exposed).

2) Prices represent 2018 prices from Cattle Fax, Doanes reports for New Mexico feeder cattle cash prices.

3) Market prices include commissions, brand inspections, beef council, yardage, feed, and insurance

4) Annual capital recovery is the method of calculating depreciation and interest recommended by the National Task Force on Commodity Costs and Returns Measurement Methods.

5) The 35% reduction in asset values which represent a mix of new and used machinery.

6) Interest on average investment.

**NORTHWEST REGION
LARGE RANCH INVESTMENTS**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
6,000	Acres of private land	\$400	3.9%	\$2,400,000	\$2,400,000			
350	AU Values ¹	\$2,400	3.9%	\$840,000	\$840,000			
Sub Totals				\$3,240,000				
Number	Buildings, Improvements	Price Per Unit						
13	Miles of pipeline	\$4,000	3.9%	\$52,000	\$5,200	25	100	\$3,167
5	Wells	\$20,000	3.9%	\$100,000	\$10,000	25	100	\$6,090
65	Miles of Fence	\$8,000	3.9%	\$520,000	\$52,000	25	100	\$31,670
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$20,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
Sub Totals				\$702,000				\$42,587
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$45,000	4.0%	\$45,000	\$9,000	7	50	\$3,179
0	3/4 ton pickup 4WD	\$45,000	4.0%	\$0	\$0	7	50	\$0
0	Tractor	\$7,000	4.0%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$7,500	4.0%	\$15,000	\$3,000	7	100	\$2,119
1	Horse tack	\$5,000	4.0%	\$5,000	\$1,000	10	100	\$533
1	Misc. equipment	\$7,500	4.0%	\$7,500	\$1,500	10	100	\$800
Sub Total				\$72,500				\$6,631
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
10	Horses	\$1,200	4.0%	\$12,000	\$4,560	10	100	\$1,100
17	Bulls	\$3,000	4.0%	\$49,875	\$18,953	4	100	\$9,277
90	Cows	1,500	4.0%	\$135,000	\$51,300	8	100	\$14,484
146	Total AUUs							
Sub Total				\$61,875				\$10,377
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
332.5	Cows	\$1,500	4.0%	\$498,750	\$189,525			\$15,732
50	Replacement Heifers	\$1,200	4.0%	\$59,850	\$22,743			\$1,888
370	Total AUUs							
Sub Total				\$558,600	\$212,268			\$17,620
Total				<u>\$4,634,975</u>				<u>\$66,838</u>

1) The interest rate of 3.9% used to calculate the capital recovery cost is the USDA-ERS's ten year average long-run rate of return to production assets for New Mexico.