

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

	BREED HERD SIZE CULL RATE	333 15%	COW to BULL	20	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	85% 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	141	515	\$1.23	\$89,514	\$269.22	_____
HEIFER CALVES	91	495	\$1.18	\$53,409	\$160.63	_____
CULL COWS	50	900	\$0.62	\$27,830	\$83.70	_____
CULL BULLS	1	1200	\$0.74	\$888	\$2.67	_____
TOTAL	284			\$171,641	\$516.21	_____
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	66.50	\$145	\$9,643	\$29.00	_____
STATE	AUY	20.0%	\$67.20	\$0	\$0.00	_____
FEDERAL LEASE	AUY	40.0%	\$16.20	\$5,387	\$16.20	_____
PRIVATE(Owned)	AUY	40.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
SALT & MINERAL	TON	6.00	\$710	\$4,260	\$12.81	_____
PROTEIN SUPP	TON	11.00	\$355	\$3,905	\$11.74	_____
OTHER		0.00	\$0	\$0	\$0.00	_____
TOTAL				\$23,194	\$69.76	_____
2. OTHER VARIABLE COSTS				<u>COST</u>		
VET AND MEDICINE				\$4,821	\$14.50	_____
LIVESTOCK HAULING				\$1,347	\$4.05	_____
HIRED LABOR				\$12,000	\$36.09	_____
OPERATING COSTS-EQUIP & MACH				\$2,044	\$6.15	_____
OPERATING COSTS-VEHICLE				\$2,650	\$7.97	_____
RANCH MAINTENANCE				\$3,448	\$10.37	_____
BEEF CHECKOFF				\$233	\$0.70	_____
PURCHASED LIVESTOCK				\$15,000	\$45.11	_____
TOTAL				\$41,543	\$124.94	_____
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	<u>VALUE PER COW</u>	
				\$1,780	\$5.35	_____
TOTAL				\$66,518	\$200.05	_____
TOTAL				\$105,124	\$316.16	_____
OWNERSHIP COSTS						
	Annual Capital Recovery ⁴ (At Replacement Value):			Represents 65% Asset Ownership ⁵ <u>VALUE PER COW</u> <u>NEW VALUE</u>		
CASH COSTS						
Taxes & Insurance				\$10,519	\$31.64	_____
Overhead				\$4,500	\$13.53	_____
Total				\$15,019	\$45.17	_____
NON CASH COSTS						
Purchased Livestock				\$10,377	\$31.21	_____
Machinery & Equipment				\$10,105	\$30.39	_____
Housing & Improvements				\$25,556	\$76.86	_____
Interest on Retained Livestock ⁶				\$17,620	\$52.99	_____
Management & Operation Labor (6% of gross returns)				\$10,298	\$30.97	_____
Total				\$73,956	\$222.42	_____
TOTAL FIXED COSTS				\$88,975	\$267.59	_____
TOTAL CASH AND VARIABLE COSTS				\$81,537	\$245.22	_____
TOTAL COSTS				\$155,492	\$467.65	_____
RETURN ABOVE TOTAL CASH COSTS				\$90,105	\$270.99	_____
RETURN ABOVE TOTAL COSTS				\$16,149	\$48.57	_____
BREAKEVEN CALCULATIONS						
	VARIABLE COSTS	TOTAL COSTS				
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$46.61	\$57.13				
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$46.61	\$108.94				

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.

**CENTRAL MOUNTAIN 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
10,000	Acres of private land	\$800	3.9%	\$8,000,000	\$8,000,000			\$1,550.00
449	AU Values ¹	\$3,000	3.9%	\$1,346,625	\$1,346,625			
Sub Totals				\$9,346,625				
Number	Buildings, Improvements	Price Per Unit						
4	Miles of pipeline	\$4,000	3.9%	\$16,000	\$1,600	25	100	\$974
2	Wells	\$20,000	3.9%	\$40,000	\$4,000	25	100	\$2,436
40	Miles of Fence	\$8,000	3.9%	\$320,000	\$32,000	25	100	\$19,489
1	Corrals/Working Facilities	\$5,000	3.9%	\$5,000	\$500	30	100	\$277
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
Sub Totals				\$396,000				\$25,556
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$35,000	4.0%	\$35,000	\$7,000	7	50	\$2,473
1	1 ton pickup 4WD	\$35,000	4.0%	\$35,000	\$7,000	7	50	\$2,473
1	Tractor	\$5,000	4.0%	\$5,000	\$1,000	7	100	\$706
2	Gooseneck trailer	\$6,500	4.0%	\$13,000	\$2,600	7	100	\$1,837
1	Horse tack	\$6,500	4.0%	\$6,500	\$1,300	10	100	\$693
1	Misc. equipment	\$3,500	4.0%	\$3,500	\$700	10	100	\$373
Sub Total				\$98,000				\$10,105
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	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
53	Cows	\$1,500	4.0%	\$79,500	\$30,210	8	100	\$8,529
100	Total AUYS			\$61,875				\$10,377
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
333	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 AUYS			\$558,600	\$212,268			\$17,620
Total				\$10,461,100				\$53,280

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.

2) For intermediate assets an interest rate of 5.50% was used.

3) A rate of 6.50 percent reflects a typical return on a low -risk investment (30 YR Treasury Bond)