

**NORTHEAST REGION  
MEDIUM COW/CALF BUDGET 2018**

BREED HERD SIZE 190 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 85%  
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 29

**VALUE OF PRODUCTION**

	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	81	550	\$1.20	\$53,295	\$280.50
HEIFER CALVES	52	515	\$1.25	\$33,636	\$177.03
CULL COWS	29	900	\$0.64	\$16,416	\$86.40
CULL BULLS	1	1200	\$0.76	\$912	\$4.80
FEE HUNTING	1			<u>\$6,000</u>	\$31.58
<b>TOTAL</b>	<b>163</b>			<b>\$110,259</b>	<b>\$580.31</b>

**VARIABLE COSTS**

		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
<b>1. FEED COSTS</b>						
	HAY	TON	12.00	\$150	\$1,800	\$9.47
	BLM	AUY	0.0%		\$0	\$0.00
	STATE	AUY	17.0%	\$67.20	\$2,171	\$11.42
	FEDERAL LEASE	AUY	30.0%	\$16.20	\$3,078	\$16.20
	PRIVATE(Owned)	AUY	53.0%	\$0.00	\$0	\$0.00
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
	SALT & MINERAL	TON	7	\$710	\$4,924	\$25.92
	PROTEIN SUPP	TON	31	\$355	\$10,961	\$57.69
	OTHER					
	<b>TOTAL</b>				<b>\$22,933</b>	<b>\$120.70</b>
<b>2. OTHER VARIABLE COSTS</b>						
	VET AND MEDICINE				<u>\$2,755</u>	\$14.50
	LIVESTOCK HAULING				\$772	\$4.06
	HIRED LABOR				\$6,500	\$34.21
	OPERATING COSTS-EQUIP & MACH				\$3,090	\$16.26
	OPERATING COSTS-VEHICLE				\$5,000	\$26.32
	RANCH MAINTENANCE				\$6,000	\$31.58
	BEEF CHECKOFF				\$133	\$0.70
	PURCHASED LIVESTOCK				<u>\$12,000</u>	<u>\$63.16</u>
	<b>TOTAL</b>				<b>\$36,250</b>	<b>\$190.79</b>
<b>3. INTEREST ON VARIABLE COSTS</b>						
	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
					\$1,628	\$8.57
	<b>TOTAL</b>				<b>\$60,810</b>	<b>\$320.05</b>
	<b>TOTAL</b>				<b>\$49,448</b>	<b>\$260.26</b>

**OWNERSHIP COSTS**

		Annual Capital Recovery <sup>4</sup> (At Replacement Valve):	Represents 65% Asset Ownership	VALUE PER COW
<b>CASH COSTS</b>				
	Taxes & Insurance			TOTAL
	Overhead			\$5,305
	Total			<u>\$2,000</u>
				<u>\$7,305</u>
				\$38.45
<b>NON CASH COSTS</b>				
	Purchased Livestock			\$5,961
	Machinery & Equipment			\$5,305
	Housing & Improvements			\$35,876
	Interest on Retained Livestock			\$10,068
	Management & Operation Labor ( 6% of gross returns)			<u>\$6,616</u>
	Total			<u>\$63,826</u>
				\$335.93
<b>TOTAL FIXED COSTS</b>				\$71,131
				\$374.37
<b>TOTAL CASH AND VARIABLE COSTS</b>				\$68,115
				\$358.50
<b>TOTAL COSTS</b>				\$131,941
				\$694.43
<b>RETURN ABOVE TOTAL CASH COSTS</b>				\$42,144
				\$221.81
<b>RETURN ABOVE TOTAL COSTS</b>				(\$21,682)
				(\$114.12)

**BREAKEVEN CALCULATIONS**

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$70.71	\$79.21
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$70.71	\$153.42

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.

**NORTHEAST REGION  
MEDIUM RANCH INVESTMENTS**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
7,000	Acres of private land	\$500	3.9%	\$3,500,000	\$3,500,000			
200	AU Values <sup>1</sup>	\$2,500	3.9%	\$500,000	\$500,000			
<b>Sub Totals</b>				\$4,000,000				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
10	Miles of pipeline	\$4,000	3.9%	\$40,000	\$4,000	25	100	\$2,436
6	Wells	\$20,000	3.9%	\$120,000	\$12,000	25	100	\$7,308
50	Miles of Fence	\$8,000	3.9%	\$400,000	\$40,000	25	100	\$24,361
1	Corrals/Working Facilities	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
1	Barns & Shop	\$20,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
<b>Sub Totals</b>				\$592,000				\$35,876
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
1	3/4 ton pickup 4WD	\$45,000	4.0%	\$45,000	\$9,000	7	50	\$3,179
0	1 ton pickup 4WD	\$45,000	4.0%	\$0	\$0	7	50	\$0
0	Tractor	\$7,000	4.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$7,500	4.0%	\$7,500	\$1,500	7	100	\$1,060
1	Horse tack	\$3,500	4.0%	\$3,500	\$700	10	100	\$373
1	Misc. equipment	\$6,500	4.0%	\$6,500	\$1,300	10	100	\$693
<b>Sub Total</b>				\$62,500				\$5,305
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
6	Horses	\$1,200	4.0%	\$7,200	\$2,736	10	100	\$660
10	Bulls	\$3,000	4.0%	\$28,500	\$10,830	4	100	\$5,301
40	Cows	\$1,500	4.0%	\$60,000	\$22,800	8	100	\$6,437
<b>69</b>	<b>Total AUUs</b>							
<b>Sub Total</b>				\$35,700				\$5,961
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
190	Cows	\$1,500	4.0%	\$285,000	\$108,300			\$8,990
29	Replacement Heifers	\$1,200	4.0%	\$34,200	\$12,996			\$1,079
<b>211</b>	<b>Total AUUs</b>							
<b>Sub Total</b>				\$319,200	\$121,296			\$10,068
<b>Total</b>				<u>\$5,009,400</u>				<u>\$51,250</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.