

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

	BREED HERD SIZE CULL RATE	360 15%	COW to BULL	20	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	85% 54
VALUE OF PRODUCTION						
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	
STEER CALVES	153	510	\$1.19	\$92,856	\$257.93	_____
HEIFER CALVES	99	485	\$1.26	\$60,499	\$168.05	_____
CULL COWS	54	900	\$0.63	\$30,618	\$85.05	_____
CULL BULLS	1	1200	\$0.75	\$900	\$2.50	_____
FEE HUNTING	1			<u>\$4,500</u>	\$12.50	_____
TOTAL	307			\$189,373	\$526.04	_____
VARIABLE COSTS						
1. FEED COSTS	<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	
	TON	28.00	\$145	\$4,060	\$11.28	_____
HAY	AUY	45.0%	\$67.20	\$10,886	\$30.24	_____
STATE	AUY	25.0%	\$16.20	\$5,832	\$16.20	_____
FEDERAL LEASE	AUY	30.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Owned)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	TON	10	\$710	\$6,997	\$19.44	_____
SALT & MINERAL	TON	36	\$355	\$12,780	\$35.50	_____
PROTEIN SUPP						
TOTAL				\$40,555	\$112.65	_____
2. OTHER VARIABLE COSTS				<u>COST</u>		
VET AND MEDICINE				\$4,835	\$13.43	_____
LIVESTOCK HAULING				\$1,458	\$4.05	_____
HIRED LABOR				\$25,000	\$69.44	_____
OPERATING COSTS-EQUIP & MACH				\$5,000	\$13.89	_____
OPERATING COSTS-VEHICLE				\$7,500	\$20.83	_____
RANCH MAINTENANCE				\$7,000	\$19.44	_____
BEEF CHECKOFF				\$252	\$0.70	_____
LIVESTOCK PURCHASES				<u>\$15,000</u>	<u>\$41.67</u>	_____
TOTAL				\$66,046	\$183.46	_____
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>
				\$2,932	\$8.14	_____
TOTAL				\$109,532	\$304.26	_____
OWNERSHIP COSTS				\$79,840	\$221.78	_____
CASH COSTS	Annual Capital Recovery ⁴ (At Replacement Value):			Represents 65% Asset Ownership ⁵		<u>VALUE PER COW</u> <u>NEW VALUE</u>
Taxes & Insurance				\$9,402	\$26.12	_____
Overhead				\$4,000	\$11.11	_____
Total				\$13,402	\$37.23	_____
NON CASH COSTS						
Purchased Livestock				\$10,924	\$30.34	_____
Machinery & Equipment				\$9,402	\$26.12	_____
Housing & Improvements				\$48,433	\$134.54	_____
Interest on Retained Livestock ⁶				\$19,077	\$52.99	_____
Management & Operation Labor (6% of gross returns)				<u>\$11,362</u>	<u>\$31.56</u>	_____
Total				\$99,199	\$275.55	_____
TOTAL FIXED COSTS				\$112,601	\$312.78	_____
TOTAL CASH AND VARIABLE COSTS				\$122,935	\$341.49	_____
TOTAL COSTS				\$222,134	\$617.04	_____
RETURN ABOVE TOTAL CASH COSTS				\$66,438	\$184.55	_____
RETURN ABOVE TOTAL COSTS				(\$32,761)	(\$91.00)	_____
BREAKEVEN CALCULATIONS						
	VARIABLE COSTS	TOTAL COSTS				
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$71.95	\$80.75				
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$71.95	\$145.92				

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.

**SOUTHEAST 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	\$375	3.9%	\$2,250,000	\$2,250,000			
400	AU Values ¹	\$2,450	3.9%	\$980,000	\$980,000			
Sub Totals				\$3,230,000				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$4,000	3.9%	\$48,000	\$4,800	25	100	\$2,923
6	Wells	\$20,000	3.9%	\$120,000	\$12,000	25	100	\$7,308
75	Miles of Fence	\$8,000	3.9%	\$600,000	\$60,000	25	100	\$36,542
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				\$798,000				\$48,433
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
1	1 ton pickup 4WD	\$45,000	4.0%	\$45,000	\$9,000	7	50	\$3,179
0	Dozer/Tractor	\$7,000	4.0%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$7,000	4.0%	\$14,000	\$2,800	7	100	\$1,978
1	Horse tack	\$4,000	4.0%	\$4,000	\$800	10	100	\$427
1	Misc. equipment	\$6,000	4.0%	\$6,000	\$1,200	10	100	\$640
Sub Total				\$114,000				\$9,402
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
8	Horses	\$1,200	4.0%	\$9,600	\$3,648	10	100	\$880
18	Bulls	\$3,000	4.0%	\$54,000	\$20,520	4	100	\$10,044
80	Cows	\$1,500	4.0%	\$120,000	\$45,600	8	100	\$12,874
133	Total AUUs							
Sub Total				\$63,600				\$10,924
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
360	Cows	\$1,500	4.0%	\$540,000	\$205,200			\$17,033
54	Replacement Heifers	\$1,200	4.0%	\$64,800	\$24,624			\$2,044
401	Total AUUs							
Sub Total				\$604,800	\$229,824			\$19,077
Total				<u>\$4,810,400</u>				<u>\$76,913</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.