

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

BREED HERD SIZE	315	COW to BULL	15	CALF CROP PERCENT ¹	84%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	47

VALUE OF PRODUCTION

	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>
STEER CALVES	132	500	\$1.18	\$78,057	\$247.80
HEIFER CALVES	85	475	\$1.23	\$49,690	\$157.75
CULL COWS	47	1000	\$0.62	\$29,295	\$93.00
CULL BULLS	3	1300	\$0.74	<u>\$3,030</u>	<u>\$9.62</u>
TOTAL	268			\$160,073	\$508.17

VARIABLE COSTS

1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
HAY	TON	22.00	\$145	\$3,190	\$10.13
STATE	AUY	40.0%	\$67.20	\$8,467	\$26.88
FEDERAL LEASE	AUY	40.0%	\$16.20	\$5,103	\$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	11	\$710	\$8,163	\$25.92
PROTEIN SUPP	TON	32	\$355	\$11,183	\$35.50
TOTAL				\$36,106	\$114.62
2. OTHER VARIABLE COSTS				COST	
VET AND MEDICINE				\$4,150	\$13.18
LIVESTOCK HAULING				\$1,272	\$4.04
HIRED LABOR				\$22,000	\$69.84
OPERATING COSTS-EQUIP & MACH				\$5,500	\$17.46
OPERATING COSTS-VEHICLE				\$6,000	\$19.05
RANCH MAINTENANCE				\$7,000	\$22.22
BEEF CHECKOFF				\$217	\$0.69
LIVESTOCK PURCHASES				<u>\$10,000</u>	<u>\$31.75</u>
TOTAL				\$56,139	\$178.22
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
				\$2,537	\$8.05
TOTAL				<u>\$94,782</u>	<u>\$300.90</u>
				\$65,291	\$207.27

OWNERSHIP COSTS

CASH COSTS	Annual Capital Recovery ⁴ (At Replacement Valve):	Represents 65% Asset Ownership ⁵	VALUE PER COW
Taxes & Insurance		\$14,757	\$46.85
Overhead		<u>\$2,000</u>	<u>\$6.35</u>
Total		\$16,757	\$53.20
NON CASH COSTS			
Purchased Livestock		\$12,598	\$39.99
Machinery & Equipment		\$14,757	\$46.85
Housing & Improvements		\$25,534	\$81.06
Interest on Retained Livestock ⁶		\$16,692	\$52.99
Management & Operation Labor (6% of gross returns)		<u>\$9,604</u>	<u>\$30.49</u>
Total		\$79,185	\$251.38
TOTAL FIXED COSTS		\$95,942	\$304.58
TOTAL CASH AND VARIABLE COSTS		\$111,539	\$354.09
TOTAL COSTS		\$190,724	\$605.47
RETURN ABOVE TOTAL CASH COSTS		\$48,534	\$154.08
RETURN ABOVE TOTAL COSTS		(\$30,651)	(\$97.30)

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$73.48	\$86.47
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$73.48	\$147.86

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.