

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

BREED HERD SIZE 333 COW to BULL 20 CALF CROP PERCENT¹ 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	\$1.50	\$105,560	\$317.48	_____
HEIFER CALVES	88	485	\$1.45	\$61,965	\$186.36	_____
CULL COWS	65	900	\$0.50	\$29,194	\$87.80	_____
CULL BULLS	1	1200	\$0.62	\$744	\$2.24	_____
FEE HUNTING	1			\$10,000	\$30.08	_____
TOTAL	292			\$207,463	\$623.95	_____

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	\$160.00	\$4,000	\$12.03	_____
	STATE	AUY	45.0%	\$38.04	\$5,692	\$17.12	_____
	FEDERAL LEASE	AUY	35.0%	\$20.88	\$6,943	\$20.88	_____
	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	\$690.00	\$8,374	\$25.19	_____
	PROTEIN SUPP	TON	47	\$340.00	\$15,827	\$47.60	_____
					\$40,835	\$122.81	_____

2. OTHER VARIABLE COSTS

		<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
	VET AND MEDICINE	\$5,309	\$15.97	_____
	LIVESTOCK HAULING	\$1,353	\$4.07	_____
	HIRED LABOR	\$15,000	\$45.11	_____
	OPERATING COSTS-EQUIP & MACH	\$5,150	\$15.49	_____
	OPERATING COSTS-VEHICLE	\$6,180	\$18.59	_____
	RANCH MAINTENANCE	\$11,000	\$33.08	_____
	BEEF CHECKOFF	\$226	\$0.68	_____
	OTHER	\$12,000	\$36.09	_____
	TOTAL	\$56,218	\$169.08	_____

3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED				
X INTEREST RATE PER MONTH				
ANNUAL INTEREST RATE		6.50%		
NUMBER OF MONTHS BORROWED		6	VALUE PER COW	
			\$3,154	\$9.49
TOTAL			\$100,208	\$301.38
			\$107,256	\$322.57

OWNERSHIP COSTS

		<u>VALUE PER COW</u>	<u>NEW VALUE</u>
CASH COSTS			
Annual Capital Recovery ⁴ (At Replacement Value):			Represents 65% Asset Ownership ⁵
	Taxes & Insurance	\$6,419	\$19.31
	Overhead	\$4,000	\$12.03
	Total	\$10,419	\$31.34
NON CASH COSTS			
	Purchased Livestock	\$10,377	\$31.21
	Machinery & Equipment	\$6,419	\$19.31
	Housing & Improvements	\$22,151	\$66.62
	Interest on Retained Livestock ⁶	\$21,238	\$63.87
	Management & Operation Labor (6% of gross returns)	\$6,435	\$19.35
	Total	\$66,620	\$200.36
TOTAL FIXED COSTS		\$77,040	\$231.70
TOTAL CASH AND VARIABLE COSTS		\$110,627	\$332.71
TOTAL COSTS		\$177,247	\$533.07
RETURN ABOVE TOTAL CASH COSTS		\$96,836	\$291.24
RETURN ABOVE TOTAL COSTS		\$30,216	\$90.87

BREAK-EVEN CALCULATIONS

	<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$72.99	\$80.57
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$72.99	\$129.10

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 price projections 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.