

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

BREED HERD SIZE 475 COW TO BULL 20 CALF CROP PERCENT¹ 83%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 71.25

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	197	525	\$1.50	\$155,236	\$326.81	_____
HEIFER CALVES	126	500	\$1.45	\$91,259	\$192.13	_____
CULL COWS	71	950	\$0.50	\$33,844	\$71.25	_____
CULL BULLS	1	1200	\$0.62	\$744	\$1.57	_____
FEE HUNTING	1			\$12,500	\$26.32	_____
TOTAL	395			\$293,583	\$618.07	_____

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	20.00	\$160	\$3,200	\$6.74	_____
	STATE	AUY	45.0%	\$43.32	\$9,260	\$19.49	_____
	FEDERAL LEASE	AUY	35.0%	\$20.88	\$3,471	\$7.31	_____
	PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
	SALT & MINERAL	TON	17	\$690	\$11,963	\$25.19	_____
	PROTEIN SUPP	TON	67	\$340	\$22,610	\$47.60	_____
	TOTAL				\$50,504	\$106.32	_____
2. OTHER VARIABLE COSTS							
	VET AND MEDICINE				\$7,584	\$15.97	_____
	LIVESTOCK HAULING				\$1,832	\$3.86	_____
	HIRED LABOR				\$25,000	\$52.63	_____
	OPERATING COSTS-EQUIP & MACH				\$4,635	\$9.76	_____
	OPERATING COSTS-VEHICLE				\$6,180	\$13.01	_____
	RANCH MAINTENANCE				\$10,000	\$21.05	_____
	BEEF CHECKOFF				\$323	\$0.68	_____
	OTHER				\$15,000	\$31.58	_____
	TOTAL				\$70,554	\$148.54	_____
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	
					\$3,934	\$8.28	_____
	TOTAL				\$124,992	\$263.14	_____
	TOTAL				\$168,591	\$354.93	_____

OWNERSHIP COSTS

		<u>Annual Capital Recovery⁴ (At Replacement Valve):</u>	<u>Represents 65% Asset Ownership⁵</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
CASH COSTS					
	Taxes & Insurance			\$14,615	\$30.77
	Overhead			\$3,500	\$7.37
	Total			\$18,115	\$38.14
NON CASH COSTS					
	Purchased Livestock			\$14,682	\$30.91
	Machinery & Equipment			\$14,615	\$30.77
	Housing & Improvements			\$33,180	\$69.85
	Interest on Retained Livestock ⁶			\$30,340	\$63.87
	Management & Operation Labor (6% of gross returns)			\$17,615	\$37.08
	Total			\$110,432	\$232.49
TOTAL FIXED COSTS				\$128,548	\$270.63
TOTAL CASH AND VARIABLE COSTS				\$143,108	\$301.28
TOTAL COSTS				\$253,540	\$533.77
RETURN ABOVE TOTAL CASH COSTS				\$150,475	\$316.79
RETURN ABOVE TOTAL COSTS				\$40,043	\$84.30

BREAKEVEN CALCULATIONS

	<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$61.86	\$70.83
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$61.86	\$125.48

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.