

**NORTHWEST REGION
EX-LARGE COW/CALF BUDGET 2019**

	BREED HERD SIZE CULL RATE	475 15%	COW TO BULL	20	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	83% 71
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		\$1.63	\$168,690	\$355.14
HEIFER CALVES	126	500		\$1.58	\$99,441	\$209.35
CULL COWS	71	950		\$0.76	\$51,443	\$108.30
CULL BULLS	1	1200		\$0.82	\$984	\$2.07
FEE HUNTING	1				\$12,500	\$26.32
TOTAL	395				\$333,057	\$701.17
VARIABLE COSTS						
1. FEED COSTS		<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u> <u>NEW VALUE</u>
	HAY	TON	20.00	\$160	\$3,200	\$6.74
	STATE	AUY	45.0%	\$33.48	\$7,156	\$15.07
	FEDERAL LEASE	AUY	35.0%	\$17.52	\$2,913	\$6.13
	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	\$710	\$12,310	\$25.92
	PROTEIN SUPP	TON	67	\$355	\$23,608	\$49.70
TOTAL					\$49,186	\$103.55
2. OTHER VARIABLE COSTS					<u>COST</u>	
	VET AND MEDICINE				\$7,481	\$15.75
	LIVESTOCK HAULING				\$1,877	\$3.95
	HIRE LABOR				\$27,000	\$56.84
	OPERATING COSTS-EQUIP & MACH				\$5,500	\$11.58
	OPERATING COSTS-VEHICLE				\$7,500	\$15.79
	RANCH MAINTENANCE				\$9,000	\$18.95
	BEEF CHECKOFF				\$323	\$0.68
	OTHER				\$18,000	\$37.89
TOTAL					\$76,682	\$161.44
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	<u>VALUE PER COW</u>
					\$4,091	\$8.61
TOTAL					\$129,959	\$273.60
OWNERSHIP COSTS					\$203,099	\$427.58
CASH COSTS	Annual Capital Recovery⁴ (At Replacement Value):				Represents 65% Asset Ownership⁵ VALUE PER COW NEW VALUE	
	Taxes & Insurance				\$15,251	\$32.11
	Overhead				\$3,500	\$7.37
Total					\$18,751	\$39.48
NON CASH COSTS						
	Purchased Livestock				\$14,682	\$30.91
	Machinery & Equipment				\$15,251	\$32.11
	Housing & Improvements				\$63,847	\$134.41
	Interest on Retained Livestock ⁶				\$25,171	\$52.99
	Management & Operation Labor (6% of gross returns)				\$19,983	\$42.07
Total					\$138,935	\$292.49
TOTAL FIXED COSTS					\$157,686	\$331.97
TOTAL CASH AND VARIABLE COSTS					\$148,710	\$313.07
TOTAL COSTS					\$287,645	\$605.57
RETURN ABOVE TOTAL CASH COSTS					\$184,348	\$388.10
RETURN ABOVE TOTAL COSTS					\$45,413	\$95.61
BREAKEVEN CALCULATIONS						
		VARIABLE COSTS	TOTAL COSTS			
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$64.32		\$73.60			
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$64.32		\$142.36			

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 2019 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.

**NORTHWEST MOUNTAIN REGION
EXTRA-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
8,000	Acres of private land	\$350	3.9%	\$2,800,000	\$2,800,000			
500	AU Values ¹	\$2,400	3.9%	\$1,200,000	\$1,200,000			
Sub Totals				\$4,000,000				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$4,000	3.9%	\$72,000	\$7,200	25	100	\$4,385
7	Wells	\$20,000	3.9%	\$140,000	\$14,000	25	100	\$8,526
100	Miles of Fence	\$8,000	3.9%	\$800,000	\$80,000	25	100	\$48,723
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$20,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
Sub Totals				\$1,052,000				\$63,847
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$45,000	4.0%	\$90,000	\$18,000	7	50	\$6,358
1	1 ton pickup 4WD	\$45,000	4.0%	\$45,000	\$9,000	7	50	\$3,179
1	Tractor	\$7,000	4.0%	\$7,000	\$1,400	7	100	\$989
3	Gooseneck trailer	\$7,500	4.0%	\$22,500	\$4,500	7	100	\$3,179
1	Horse tack	\$6,500	4.0%	\$6,500	\$1,300	10	100	\$693
1	Misc. equipment	\$8,000	4.0%	\$8,000	\$1,600	10	100	\$853
Sub Total				\$179,000				\$15,251
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
13	Horses	\$1,200	4.0%	\$15,600	\$5,928	10	100	\$1,430
24	Bulls	\$3,000	4.0%	\$71,250	\$27,075	4	100	\$13,253
100	Cows	\$1,500	4.0%	\$150,000	\$57,000	8	100	\$16,093
171	Total AUUs							
Sub Total				\$86,850				\$14,682
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
475	Cows	\$1,500	4.0%	\$712,500	\$270,750			\$22,474
71	Replacement Heifers	\$1,200	4.0%	\$85,500	\$32,490			\$2,697
528	Total AUUs							
Sub Total				\$798,000	\$303,240			\$25,171
Total				<u>\$6,115,850</u>				<u>\$104,269</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.