

**SOUTHWEST REGION
LARGE COW/CALF BUDGET 2019**

	BREED HERD SIZE CULL RATE	315 15%	COW to BULL	15	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	84% 47
VALUE OF PRODUCTION						
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE^{2,3}</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	
STEER CALVES	132	500	\$2.53	\$167,360	\$531.30	
HEIFER CALVES	85	475	\$2.31	\$93,321	\$296.26	
CULL COWS	47	1000	\$1.22	\$57,645	\$183.00	
CULL BULLS	3	1300	\$1.39	\$5,692	\$18.07	
	TOTAL	268		\$324,018	\$1,028.63	
VARIABLE COSTS						
1. FEED COSTS		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
	HAY	TON	22.00	\$203	\$4,466	\$14.18
	STATE	AUY	40.0%	\$29.10	\$3,667	\$11.64
	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	\$515	\$16,223	\$51.50
	TOTAL				\$37,621	\$119.43
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
	MARKETING COST ⁷				\$6,480	\$20.57
	LIVESTOCK PURCHASES				\$12,000	\$38.10
	TOTAL				\$64,402	\$204.45
3. INTEREST ON VARIABLE COSTS						
	SUM OF VARIABLE COSTS X MONTHS BORROWED					
	X INTEREST RATE PER MONTH					
	ANNUAL INTEREST RATE				9.30%	
	NUMBER OF MONTHS BORROWED				6	VALUE PER COW
					\$4,744	\$15.06
	TOTAL				\$106,768	\$338.95
					\$217,250	\$689.68
OWNERSHIP COSTS						
		Annual Capital Recovery ⁴ (At Replacement Value):			Represents 65% Asset Ownership ⁵ VALUE PER COW	
CASH COSTS						
	Taxes & Insurance				\$15,132	\$48.04
	Overhead				\$2,000	\$6.35
	Total				\$17,132	\$54.39
NON CASH COSTS						
	Purchased Livestock				\$20,535	\$65.19
	Machinery & Equipment				\$15,132	\$48.04
	Housing & Improvements				\$90,874	\$288.49
	Interest on Retained Livestock ⁶				\$20,824	\$66.11
	Management & Operation Labor (6% of gross returns)				\$19,441	\$61.72
	Total				\$166,806	\$529.54
TOTAL FIXED COSTS					\$183,938	\$583.93
TOTAL CASH AND VARIABLE COSTS					\$123,899	\$393.33
TOTAL COSTS					\$290,706	\$922.88
RETURN ABOVE TOTAL CASH COSTS					\$200,118	\$635.30
RETURN ABOVE TOTAL COSTS					\$33,312	\$105.75
BREAKEVEN CALCULATIONS						
		VARIABLE COSTS	TOTAL COSTS			
	REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$82.77	\$96.05			
	REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$82.77	\$225.37			

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 2024 for New Mexico livestock auction 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.

7) Marketing cost includes commissions, band inspections, beef council, yardage, feed and insurance at 2% on all animals sold.

**SOUTHWEST 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	\$600	5.8%	\$3,600,000	\$3,600,000			
315	AU Values ¹	\$2,400	5.8%	\$756,000	\$756,000			
Sub Totals				\$4,356,000				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$4,000	5.8%	\$72,000	\$7,200	25	100	\$5,363
6	Wells	\$20,000	5.8%	\$120,000	\$12,000	25	100	\$8,939
100	Miles of Fence	\$10,000	5.8%	\$1,000,000	\$100,000	25	100	\$74,490
1	Corrals/Working Facilities	\$10,000	5.8%	\$10,000	\$1,000	30	100	\$694
1	Barns & Shop	\$20,000	5.8%	\$20,000	\$2,000	30	100	\$1,388
Sub Totals				\$1,222,000				\$90,874
Number	Machinery & Vehicles	Price Per Unit	Interest Rate^{2,3}	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$45,000	4.5%	\$90,000	\$18,000	7	50	\$6,514
1	1 ton pickup 4WD	\$45,000	4.5%	\$45,000	\$9,000	7	50	\$3,257
1	Tractor	\$5,000	4.5%	\$5,000	\$1,000	7	100	\$724
3	Gooseneck trailer	\$7,000	4.5%	\$21,000	\$4,200	7	100	\$3,040
1	Horse tack	\$8,000	4.5%	\$8,000	\$1,600	10	100	\$881
1	Misc. equipment	\$6,500	4.5%	\$6,500	\$1,300	10	100	\$716
Sub Total				\$175,500				\$15,132
Head	Purchased Livestock	Price Per Unit	Interest Rate^{2,3}	Price	Salvage/Cull			
8	Horses	\$6,000	4.5%	\$48,000	\$18,240	10	100	\$4,582
21	Bulls	\$4,000	4.5%	\$84,000	\$31,920	4	100	\$15,953
29	Total AUYS							\$20,535
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
315	Cows	\$1,642	4.5%	\$517,230	\$196,547			\$18,354
47	Replacement Heifers	\$1,473	4.5%	\$69,599	\$26,448			\$2,470
350	Total AUYS							\$20,824
Sub Total				\$586,829	\$222,995			\$20,824
Total				<u>\$6,472,329</u>				<u>\$126,830</u>

1) The interest rate of 5.8% used to calculate the capital recovery cost is the USDA-ERS's ten year average long-run rate of return production assets for United States.

2) For intermediate assets an interest rate of 4.50% was used.

3) A rate of 4.50 percent reflects a typical return on a low -risk investment (20 YR Treasury Bond)