

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

BREED HERD SIZE 76 COW to BULL 15 CALF CROP PERCENT¹ 85%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 11

VALUE OF PRODUCTION

<u>ANIMALS SOLD</u>	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	
						<u>NEW VALUE</u>
STEER CALVES	32	500	\$1.65	\$26,648	\$350.63	
HEIFER CALVES	21	475	\$1.60	\$15,884	\$209.00	
CULL COWS	11	950	\$0.78	\$8,447	\$111.15	
CULL BULLS	1	1400	\$0.84	\$1,176	\$15.47	
TOTAL	66			\$52,155	\$686.25	

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	5.00	\$160	\$800	\$10.53	
STATE	AUY	25.0%	\$33.48	\$636	\$8.37	
FEDERAL LEASE	AUY	65.0%	\$17.52	\$1,332	\$17.52	
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	
SALT & MINERAL	TON	3	\$710	\$1,970	\$25.92	
PROTEIN SUPP	TON	3	\$355	\$1,079	\$14.20	
TOTAL				\$5,816	\$76.53	

2. OTHER VARIABLE COSTS

	<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
VET AND MEDICINE	\$1,017	\$13.38	
LIVESTOCK HAULING	\$312	\$4.10	
HIRED LABOR	\$1,500	\$19.74	
OPERATING COSTS-EQUIP & MACH	\$1,500	\$19.74	
OPERATING COSTS-VEHICLE	\$2,500	\$32.89	
RANCH MAINTENANCE	\$2,000	\$26.32	
BEEF CHECKOFF	\$53	\$0.70	
LIVESTOCK PURCHASES	\$4,000	\$52.63	
TOTAL	\$12,882	\$169.49	

3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED	X INTEREST RATE PER MONTH	ANNUAL INTEREST RATE	NUMBER OF MONTHS BORROWED	<u>VALUE PER COW</u>
		6.5%	6	\$608
				\$8.00
				\$19,306
				\$254.02
TOTAL				\$32,849
				\$432.23

OWNERSHIP COSTS

	Annual Capital Recovery⁴ (At Replacement Value):	Represents 65% Asset Ownership⁵	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
CASH COSTS				
Taxes & Insurance		\$4,968	\$65.36	
Overhead		\$1,000	\$13.16	
Total		\$5,968	\$78.52	
NON CASH COSTS				
Purchased Livestock		\$3,267	\$42.99	
Machinery & Equipment		\$4,968	\$65.36	
Housing & Improvements		\$17,494	\$230.19	
Interest on Retained Livestock ⁶		\$4,027	\$52.99	
Management & Operation Labor (6% of gross returns)		\$3,129	\$41.17	
Total		\$32,886	\$432.71	
TOTAL FIXED COSTS		\$38,854	\$511.23	
TOTAL CASH AND VARIABLE COSTS		\$25,273	\$332.54	
TOTAL COSTS		\$68,159	\$765.25	
RETURN ABOVE TOTAL CASH COSTS		\$26,882	\$353.70	
RETURN ABOVE TOTAL COSTS		(\$6,004)	(\$79.01)	

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$61.30	\$80.25
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$61.30	\$184.68

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.