

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

	BREED HERD SIZE CULL RATE	495 15%	COW to BULL	20	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	85% 74
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	210	510	\$1.65	\$177,031	\$357.64	_____
HEIFER CALVES	136	485	\$1.60	\$105,633	\$213.40	_____
CULL COWS	74	900	\$0.78	\$52,124	\$105.30	_____
CULL BULLS	1	1200	\$0.84	\$1,008	\$2.04	_____
FEE HUNTING	1			<u>\$6,000</u>	<u>\$12.12</u>	_____
TOTAL	422			\$335,795	\$678.37	_____
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>	
	TON	33.00	\$160	\$5,280	\$10.67	_____
	AUY	45.0%	\$33.48	\$7,458	\$15.07	_____
	AUY	25.0%	\$17.52	\$8,672	\$17.52	_____
	AUY	30.0%	\$0.00	\$0	\$0.00	_____
	AUY	0.0%	\$0.00	\$0	\$0.00	_____
	TON	18	\$710	\$12,828	\$25.92	_____
	TON	37	\$355	\$13,179	\$26.63	_____
TOTAL				\$47,417	\$95.79	_____
2. OTHER VARIABLE COSTS				<u>COST</u>		
				\$6,537	\$13.21	_____
				\$2,003	\$4.05	_____
				\$30,000	\$60.61	_____
				\$8,000	\$16.16	_____
				\$9,000	\$18.18	_____
				\$6,000	\$12.12	_____
				\$347	\$0.70	_____
				<u>\$18,000</u>	<u>\$36.36</u>	_____
TOTAL				\$79,887	\$161.39	_____
3. INTEREST ON VARIABLE COSTS						
				6.50%		
				6		<u>VALUE PER COW</u>
				\$4,137	\$8.36	_____
				<u>\$131,442</u>	<u>\$265.54</u>	_____
TOTAL				\$204,353	\$412.84	_____
OWNERSHIP COSTS						
	Annual Capital Recovery ⁴ (At Replacement Value):			Represents 65% Asset Ownership ⁵		
CASH COSTS					<u>VALUE PER COW</u>	<u>NEW VALUE</u>
				\$14,986	\$30.27	_____
				\$5,000	\$10.10	_____
Total				<u>\$19,986</u>	<u>\$40.38</u>	_____
NON CASH COSTS						
				\$15,130	\$30.57	_____
				\$14,986	\$30.27	_____
				\$69,206	\$139.81	_____
				\$26,231	\$52.99	_____
				<u>\$20,148</u>	<u>\$40.70</u>	_____
Total				<u>\$145,701</u>	<u>\$294.35</u>	_____
TOTAL FIXED COSTS				\$165,687	\$334.72	_____
TOTAL CASH AND VARIABLE COSTS				\$151,428	\$305.91	_____
TOTAL COSTS				\$297,129	\$600.26	_____
RETURN ABOVE TOTAL CASH COSTS				\$184,368	\$372.46	_____
RETURN ABOVE TOTAL COSTS				\$38,666	\$78.11	_____
BREAKEVEN CALCULATIONS						
	VARIABLE COSTS	TOTAL COSTS				
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$62.79	\$72.34				
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$62.79	\$141.95				

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.

**SOUTHEAST 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
10,000	Acres of private land	\$375	3.9%	\$3,750,000	\$3,750,000			
550	AU Values ¹	\$2,450	3.9%	\$1,347,500	\$1,347,500			
Sub Totals				\$5,097,500				
Number	Buildings, Improvements	Price Per Unit						
15	Miles of pipeline	\$4,000	3.9%	\$60,000	\$6,000	25	100	\$3,654
8	Wells	\$20,000	3.9%	\$160,000	\$16,000	25	100	\$9,745
110	Miles of Fence	\$8,000	3.9%	\$880,000	\$88,000	25	100	\$53,595
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				\$1,140,000				\$69,206
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	\$7,000	4.0%	\$21,000	\$4,200	7	100	\$2,967
1	Horse tack	\$6,000	4.0%	\$6,000	\$1,200	10	100	\$640
1	Misc. equipment	\$8,000	4.0%	\$8,000	\$1,600	10	100	\$853
Sub Total				\$177,000				\$14,986
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
12	Horses	\$1,200	4.0%	\$14,400	\$5,472	10	100	\$1,320
25	Bulls	\$3,000	4.0%	\$74,250	\$28,215	4	100	\$13,811
110	Cows	\$1,500	4.0%	\$165,000	\$62,700	8	100	\$17,702
183	Total AUUs							
Sub Total				\$88,650				\$15,130
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
495	Cows	\$1,500	4.0%	\$742,500	\$282,150			\$23,421
74	Replacement Heifers	\$1,200	4.0%	\$89,100	\$33,858			\$2,810
551	Total AUUs							
Sub Total				\$831,600	\$316,008			\$26,231
Total				<u>\$7,334,750</u>				<u>\$110,423</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.