

**SOUTHEAST REGION  
MEDIUM COW/CALF BUDGET 2019**

BREED HERD SIZE 180 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 85%  
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 27

VALUE OF PRODUCTION						
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	77	510	\$1.65	\$64,375	\$357.64	_____
HEIFER CALVES	50	485	\$1.60	\$38,412	\$213.40	_____
CULL COWS	27	900	\$0.78	\$18,954	\$105.30	_____
CULL BULLS	1	1200	\$0.84	\$1,008	\$5.60	_____
FEE HUNTING	1			\$1,500	\$8.33	_____
<b>TOTAL</b>	<b>154</b>			<b>\$122,749</b>	<b>\$681.94</b>	<b>_____</b>

**VARIABLE COSTS**

1. FEED COSTS						
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
HAY	TON	14.00	\$160	\$2,240	\$12.44	_____
STATE	AUY	45.0%	\$33.48	\$2,712	\$15.07	_____
FEDERAL LEASE	AUY	25.0%	\$17.52	\$3,154	\$17.52	_____
PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
SALT & MINERAL	TON	7	\$710	\$4,665	\$25.92	_____
PROTEIN SUPP	TON	23	\$355	\$7,988	\$44.38	_____
<b>TOTAL</b>				<b>\$20,758</b>	<b>\$115.32</b>	<b>_____</b>

2. OTHER VARIABLE COSTS						
				COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE				\$2,387	\$13.26	_____
LIVESTOCK HAULING				\$7,315	\$40.64	_____
HIRED LABOR				\$7,000	\$38.89	_____
OPERATING COSTS-EQUIP & MACH				\$2,500	\$13.89	_____
OPERATING COSTS-VEHICLE				\$5,000	\$27.78	_____
RANCH MAINTENANCE				\$7,000	\$38.89	_____
BEEF CHECKOFF				\$126	\$0.70	_____
PURCHASED LIVESTOCK				\$8,000	\$44.44	_____
<b>TOTAL</b>				<b>\$39,328</b>	<b>\$218.49</b>	<b>_____</b>

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	
				\$1,953	\$10.85	_____
				\$62,038	\$344.66	_____
<b>TOTAL</b>				<b>\$60,710</b>	<b>\$337.28</b>	<b>_____</b>

**OWNERSHIP COSTS**

Annual Capital Recovery <sup>4</sup> (At Replacement Valve):		Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW	NEW VALUE
<b>CASH COSTS</b>				
Taxes & Insurance		\$5,092	\$28.29	_____
Overhead		\$3,500	\$19.44	_____
<b>Total</b>		<b>\$8,592</b>	<b>\$47.73</b>	<b>_____</b>
<b>NON CASH COSTS</b>				
Purchased Livestock		\$5,462	\$30.34	_____
Machinery & Equipment		\$5,092	\$28.29	_____
Housing & Improvements		\$18,469	\$102.60	_____
Interest on Retained Livestock <sup>6</sup>		\$9,539	\$52.99	_____
Management & Operation Labor ( 6% of gross returns)		\$7,365	\$40.92	_____
<b>Total</b>		<b>\$45,926</b>	<b>\$255.14</b>	<b>_____</b>
<b>TOTAL FIXED COSTS</b>		<b>\$54,518</b>	<b>\$302.88</b>	<b>_____</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$70,630</b>	<b>\$392.39</b>	<b>_____</b>
<b>TOTAL COSTS</b>		<b>\$116,556</b>	<b>\$647.53</b>	<b>_____</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$52,119</b>	<b>\$289.55</b>	<b>_____</b>
<b>RETURN ABOVE TOTAL COSTS</b>		<b>\$6,193</b>	<b>\$34.40</b>	<b>_____</b>

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$81.50	\$92.79
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$81.50	\$153.13

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  
MEDIUM RANCH INVESTMENTS**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
4,000	Acres of private land	\$375	3.9%	\$1,500,000	\$1,500,000			
200	AU Values <sup>1</sup>	\$2,450	3.9%	\$490,000	\$490,000			
<b>Sub Totals</b>				\$1,990,000				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
5	Miles of pipeline	\$4,000	3.9%	\$20,000	\$2,000	25	100	\$1,218
4	Wells	\$20,000	3.9%	\$80,000	\$8,000	25	100	\$4,872
22	Miles of Fence	\$8,000	3.9%	\$176,000	\$17,600	25	100	\$10,719
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$20,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
<b>Sub Totals</b>				\$306,000				\$18,469
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
1	3/4 ton pickup 4WD	\$45,000	4.0%	\$45,000	\$9,000	7	50	\$3,179
0	1 ton pickup 4WD	\$45,000	4.0%	\$0	\$0	7	50	\$0
0	Tractor	\$7,000	4.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$7,500	4.0%	\$7,500	\$1,500	7	100	\$1,060
1	Horse tack	\$3,000	4.0%	\$3,000	\$600	10	100	\$320
1	Misc. equipment	\$5,000	4.0%	\$5,000	\$1,000	10	100	\$533
<b>Sub Total</b>				\$60,500				\$5,092
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
4	Horses	\$1,200	4.0%	\$4,800	\$1,824	10	100	\$440
9	Bulls	\$3,000	4.0%	\$27,000	\$10,260	4	100	\$5,022
40	Cows	\$1,500	4.0%	\$60,000	\$22,800	8	100	\$6,437
<b>66</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$31,800				\$5,462
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>		<b>Interest on Investment</b>	
180	Cows	\$1,500	4.0%	\$270,000	\$102,600		\$8,517	
27	Replacement Heifers	\$1,200	4.0%	\$32,400	\$12,312		\$1,022	
<b>200</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$302,400	\$114,912		\$9,539	
<b>Total</b>				<u>\$2,690,700</u>			<u>\$33,099</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.