

**CENTRAL REGION
LARGE COW/CALF BUDGET 2016**

	BREED HERD SIZE	280	COW to BULL	20	CALF CROP PERCENT ¹	85%
	CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	42
VALUE OF PRODUCTION						
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	
STEER CALVES	119	515	\$2.10	\$128,699	\$459.64	_____
HEIFER CALVES	77	495	\$2.03	\$77,373	\$276.33	_____
CULL COWS	42	900	\$0.76	\$28,728	\$102.60	_____
CULL BULLS	1	1200	\$0.87	\$1,044	\$3.73	_____
FEE HUNTING	1			\$7,000	\$25.00	_____
TOTAL	239			\$242,844	\$867.30	_____
VARIABLE COSTS						
	<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	
1. FEED COSTS						<u>NEW VALUE</u>
	HAY	TON	56.00	\$155	\$8,680	\$31.00
	STATE	AUY	20.0%	\$34.20	\$0	\$0.00
	FEDERAL LEASE	AUY	40.0%	\$20.88	\$5,846	\$20.88
	PRIVATE(Owned)	AUY	40.0%	\$0.00	\$0	\$0.00
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
	SALT & MINERAL	TON	10	\$710	\$7,256	\$25.92
	PROTEIN SUPP	TON	42	\$325	\$13,650	\$48.75
	OTHER		0.00	\$0	\$0	\$0.00
TOTAL				\$35,433	\$126.55	_____
2. OTHER VARIABLE COSTS				<u>COST</u>		<u>NEW VALUE</u>
	VET AND MEDICINE			\$4,659	\$16.64	_____
	LIVESTOCK HAULING			\$1,301	\$4.65	_____
	HIRED LABOR			\$15,000	\$53.57	_____
	OPERATING COSTS-EQUIP & MACH			\$2,381	\$8.50	_____
	OPERATING COSTS-VEHICLE			\$5,400	\$19.29	_____
	RANCH MAINTENANCE			\$6,500	\$23.21	_____
	BEEF CHECKOFF			\$196	\$0.70	_____
	PURCHASED LIVESTOCK			\$18,000	\$64.29	_____
TOTAL				\$53,437	\$190.85	_____
3. INTEREST ON VARIABLE COSTS						<u>VALUE PER COW</u>
	SUM OF VARIABLE COSTS X MONTHS BORROWED					
	X INTEREST RATE PER MONTH					
	ANNUAL INTEREST RATE			7.00%		
	NUMBER OF MONTHS BORROWED			6		
				\$3,110	\$11.11	_____
TOTAL				\$91,980	\$328.50	_____
TOTAL				\$150,864	\$538.80	_____
OWNERSHIP COSTS						
	Annual Capital Recovery ⁴ (At Replacement Value):				Represents 65% Asset Ownership ⁵	<u>VALUE PER COW</u>
CASH COSTS						<u>NEW VALUE</u>
	Taxes & Insurance			\$14,018	\$50.06	_____
	Overhead			\$2,200	\$7.86	_____
	Total			\$16,218	\$57.92	_____
NON CASH COSTS						<u>NEW VALUE</u>
	Purchased Livestock			\$13,118	\$46.85	_____
	Machinery & Equipment			\$13,661	\$48.79	_____
	Housing & Improvements			\$14,195	\$50.70	_____
	Interest on Retained Livestock ⁶			\$43,972	\$157.04	_____
	Management & Operation Labor (6% of gross returns)			\$14,571	\$52.04	_____
	Total			\$99,517	\$355.42	_____
TOTAL FIXED COSTS				\$115,735	\$413.34	_____
TOTAL CASH AND VARIABLE COSTS				\$108,198	\$386.42	_____
TOTAL COSTS				\$207,715	\$741.84	_____
RETURN ABOVE TOTAL CASH COSTS				\$134,646	\$480.88	_____
RETURN ABOVE TOTAL COSTS				\$35,129	\$125.46	_____
BREAKEVEN CALCULATIONS						
		VARIABLE COSTS	TOTAL COSTS			
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$76.53		\$90.02			
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$76.53		\$172.82			

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 2016 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.

**CENTRAL MOUNTAIN 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
10,000	Acres of private land	\$200	3.9%	\$2,000,000	\$2,000,000			\$1,550.00
378	AU Values ¹	\$3,000	3.9%	\$1,134,000	\$1,134,000			
Sub Totals				\$3,134,000				
Number	Buildings, Improvements	Price Per Unit						
4	Miles of pipeline	\$2,000	3.9%	\$8,000	\$800	25	100	\$487
2	Wells	\$13,000	3.9%	\$26,000	\$2,600	25	100	\$1,583
40	Miles of Fence	\$4,000	3.9%	\$160,000	\$16,000	25	100	\$9,745
1	Corrals/Working Facilities	\$5,000	3.9%	\$5,000	\$500	30	100	\$277
1	Barns & Shop	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
Sub Totals				\$209,000				\$14,195
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$42,000	7.0%	\$42,000	\$8,400	7	50	\$3,411
1	1 ton pickup 4WD	\$45,000	7.0%	\$45,000	\$9,000	7	50	\$3,655
1	Tractor	\$7,000	7.0%	\$7,000	\$1,400	7	100	\$1,137
2	Gooseneck trailer	\$7,500	7.0%	\$15,000	\$3,000	7	100	\$2,437
1	Horse tack	\$6,500	7.0%	\$6,500	\$1,300	10	100	\$831
1	Misc. equipment	\$5,000	7.0%	\$5,000	\$1,000	10	100	\$640
Sub Total				\$120,500				\$13,661
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
10	Horses	\$1,200	7.0%	\$12,000	\$4,560	10	100	\$1,378
14	Bulls	\$4,000	7.0%	\$56,000	\$21,280	4	100	\$11,740
53	Cows	\$2,500	7.0%	\$132,500	\$50,350	8	100	\$17,282
96	Total AUys							
Sub Total				\$68,000				\$13,118
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
280	Cows	\$2,500	7.0%	\$700,000	\$266,000			\$38,640
42	Replacement Heifers	\$2,300	7.0%	\$96,600	\$36,708			\$5,332
312	Total AUys							
Sub Total				\$796,600	\$302,708			\$43,972
Total				<u>\$4,328,100</u>				<u>\$71,828</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.

2) For intermediate assets an interest rate of 6.00% was used.

3) A rate of 6.50 percent reflects a typical return on a low -risk investment (30 YR Treasury Bond)