

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

BREED HERD SIZE 280 COW to BULL 20 CALF CROP PERCENT¹ 85%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 42

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
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

	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
1. FEED COSTS						
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

	COST	VALUE PER COW	NEW VALUE
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

SUM OF VARIABLE COSTS X MONTHS BORROWED		
X INTEREST RATE PER MONTH		
ANNUAL INTEREST RATE	7.00%	
NUMBER OF MONTHS BORROWED	6	VALUE PER COW
	\$3,110	\$11.11

	\$91,980	\$328.50
TOTAL	\$150,864	\$538.80

OWNERSHIP COSTS

Annual Capital Recovery⁴ (At Replacement Value): Represents 65% Asset Ownership⁵ VALUE PER COW NEW VALUE

CASH COSTS		VALUE PER COW	NEW VALUE
Taxes & Insurance	\$14,018	\$50.06	_____
Overhead	\$2,200	\$7.86	_____
Total	\$16,218	\$57.92	_____

NON CASH COSTS		VALUE PER COW	NEW VALUE
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 Rate ³	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 Rate ³	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 AUUs							
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 AUUs							
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)