

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

BREED HERD SIZE 315 COW to BULL 20 CALF CROP PERCENT¹ 85%
CULL RATE 20% REPLACEMENT HEIFER'S KEPT 63

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	134	550	\$2.15	\$158,307	\$502.56	_____
HEIFER CALVES	71	515	\$2.08	\$75,921	\$241.02	_____
CULL COWS	63	1000	\$0.81	\$51,030	\$162.00	_____
CULL BULLS	1	1400	\$0.92	\$1,288	\$4.09	_____
FEE HUNTING	1			\$7,500	\$23.81	_____
TOTAL	269			\$294,046	\$933.48	_____

VARIABLE COSTS

					VALUE PER COW	NEW VALUE
1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST		
HAY	TON	16.00	\$155	\$2,480	\$7.87	_____
STATE	AUY	20.0%	\$38.04	\$2,397	\$7.61	_____
FEDERAL LEASE	AUY	40.0%	\$20.88	\$6,577	\$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	11	\$710	\$8,163	\$25.92	_____
PROTEIN SUPP	TON	65	\$315	\$20,465	\$64.97	_____
TOTAL				\$40,082	\$127.24	_____

2. OTHER VARIABLE COSTS

				COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE				\$5,241	\$16.64	_____
LIVESTOCK HAULING				\$1,463	\$4.65	_____
HIRED LABOR				\$25,000	\$79.37	_____
OPERATING COSTS-EQUIP & MACH				\$4,500	\$14.29	_____
OPERATING COSTS-VEHICLE				\$7,000	\$22.22	_____
RANCH MAINTENANCE				\$13,000	\$41.27	_____
BEEF CHECKOFF				\$205	\$0.65	_____
PURCHASED LIVESTOCK				\$22,000	\$69.84	_____
TOTAL				\$78,409	\$248.92	_____

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	

INTEREST COSTS	\$4,147	\$13.17	_____
TOTAL VARIABLE COSTS	\$122,638	\$389.33	_____
RETURN ABOVE VARIABLE COSTS	\$171,408	\$544.15	_____

OWNERSHIP COSTS

Annual Capital Recovery ⁴ (At Replacement Value):		Represents 65% Asset Ownership		VALUE PER COW	NEW VALUE
CASH COSTS		TOTAL			
Taxes & Insurance		\$9,598	\$30.47	_____	
Overhead		\$2,163	\$6.87	_____	
Total		\$11,761	\$37.34	_____	
NON CASH COSTS					
Purchased Livestock		\$12,708	\$40.34	_____	
Machinery & Equipment		\$9,598	\$30.47	_____	
Housing & Improvements		\$26,021	\$82.61	_____	
Interest on Retained Livestock ⁶		\$29,411	\$93.37	_____	
Management & Operation Labor (6% of gross returns)		\$17,643	\$56.01	_____	
TOTAL NON CASH COSTS		\$95,380	\$302.80	_____	
TOTAL FIXED COSTS		\$107,142	\$340.13	_____	
TOTAL CASH AND VARIABLE COSTS		\$134,399	\$426.66	_____	
TOTAL COSTS		\$229,780	\$729.46	_____	
RETURN ABOVE TOTAL CASH COSTS		\$159,647	\$506.82	_____	
RETURN ABOVE TOTAL COSTS		\$64,267	\$204.02	_____	

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$86.02	\$94.26
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$86.02	\$161.16

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.

**NORTHEAST 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
12000	Acres of private land	\$85	3.9%	\$1,020,000	\$1,020,000			
350	AU Values ¹	\$2,500	3.9%	\$875,000	\$875,000			
Sub Totals				\$1,895,000				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
8	Wells	\$12,000	3.9%	\$96,000	\$9,600	25	100	\$5,847
70	Miles of Fence	\$4,000	3.9%	\$280,000	\$28,000	25	100	\$17,053
1	Corrals/Working Facilities	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Sub Totals				\$430,000				\$26,021
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$42,000	4.0%	\$42,000	\$8,400	7	50	\$2,967
1	1ton pickup 4WD	\$45,000	4.0%	\$45,000	\$9,000	7	50	\$3,179
0	Tractor	\$7,000	4.0%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$7,500	4.0%	\$15,000	\$3,000	7	100	\$2,119
1	Horse tack	\$5,000	4.0%	\$5,000	\$1,000	10	100	\$533
1	Misc. equipment	\$7,500	4.0%	\$7,500	\$1,500	10	100	\$800
Sub Total				\$114,500				\$9,598
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
9	Horses	\$1,200	4.0%	\$10,800	\$4,104	10	100	\$990
16	Bulls	\$4,000	4.0%	\$63,000	\$23,940	4	100	\$11,718
70	Cows	\$2,500	4.0%	\$175,000	\$66,500	8	100	\$18,775
118	Total AUYS							
Sub Total				\$73,800				\$12,708
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
315	Cows	\$2,500	4.0%	\$787,500	\$299,250			\$24,840
63	Replacement Heifers	\$2,300	4.0%	\$144,900	\$55,062			\$4,571
362	Total AUYS							
Sub Total				\$932,400	\$354,312			\$29,411
Total				<u>\$3,445,700</u>				<u>\$65,030</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.