

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

BREED HERD SIZE	315	COW to BULL	20	CALF CROP PERCENT ¹	83%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	47

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	131	510	\$2.12	\$141,340	\$448.70	
HEIFER CALVES	83	485	\$2.06	\$83,400	\$264.76	
CULL COWS	62	900	\$0.79	\$44,260	\$140.51	
CULL BULLS	1	1200	\$0.90	\$1,080	\$3.43	
FEE HUNTING	1			\$10,000	\$31.75	
TOTAL	277			\$280,079	\$889.14	

VARIABLE COSTS

	<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
1. FEED COSTS						
HAY	TON	25.00	\$155.00	\$3,875	\$12.30	
STATE FEDERAL LEASE	AUY	45.0%	\$38.04	\$5,392	\$17.12	
PRIVATE(Owned)	AUY	35.0%	\$20.88	\$6,577	\$20.88	
PRIVATE(Leased Grazing)	AUY	20.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	
SALT & MINERAL	TON	11	\$710.00	\$8,163	\$25.92	
PROTEIN SUPP	TON	44	\$315.00	\$13,892	\$44.10	
				\$37,899	\$120.31	
2. OTHER VARIABLE COSTS						
VET AND MEDICINE				\$4,725	\$15.00	
LIVESTOCK HAULING				\$1,249	\$3.96	
HIRED LABOR				\$25,000	\$79.37	
OPERATING COSTS-EQUIP & MACH				\$5,000	\$15.87	
OPERATING COSTS-VEHICLE				\$6,000	\$19.05	
RANCH MAINTENANCE				\$7,000	\$22.22	
BEEF CHECKOFF				\$214	\$0.68	
OTHER				\$18,000	\$57.14	
TOTAL				\$67,188	\$213.29	
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	
				\$3,678	\$11.68	
TOTAL				\$108,765	\$345.29	
				\$171,315	\$543.86	

OWNERSHIP COSTS

				<u>VALUE PER COW</u>	<u>NEW VALUE</u>
Annual Capital Recovery⁴ (At Replacement Value):					
Represents 65% Asset Ownership ⁵					
CASH COSTS					
Taxes & Insurance				\$6,419	\$20.38
Overhead				\$4,000	\$12.70
Total				\$10,419	\$33.08
NON CASH COSTS					
Purchased Livestock				\$12,818	\$40.69
Machinery & Equipment				\$6,419	\$20.38
Housing & Improvements				\$22,151	\$70.32
Interest on Retained Livestock ⁶				\$28,268	\$89.74
Management & Operation Labor (6% of gross returns)				\$10,279	\$32.63
Total				\$79,935	\$253.76
TOTAL FIXED COSTS				\$90,354	\$286.84
TOTAL CASH AND VARIABLE COSTS				\$119,184	\$378.36
TOTAL COSTS				\$199,119	\$632.12
RETURN ABOVE TOTAL CASH COSTS				\$160,895	\$510.78
RETURN ABOVE TOTAL COSTS				\$80,960	\$257.02

BREAKEVEN CALCULATIONS

	<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$83.62	\$91.63
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$83.62	\$153.08

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.

**NORTHWEST 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
6,000	Acres of private land	\$80	3.9%	\$480,000	\$480,000			
350	AU Values ¹	\$2,400	3.9%	\$840,000	\$840,000			
Sub Totals				\$1,320,000				
Number	Buildings, Improvements	Price Per Unit						
13	Miles of pipeline	\$2,000	3.9%	\$26,000	\$2,600	25	100	\$1,583
5	Wells	\$11,000	3.9%	\$55,000	\$5,500	25	100	\$3,350
65	Miles of Fence	\$4,000	3.9%	\$260,000	\$26,000	25	100	\$15,835
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
Sub Totals				\$366,000				\$22,151
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
0	3/4 ton pickup 4WD	\$45,000	4.0%	\$0	\$0	7	50	\$0
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				\$69,500				\$6,419
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
10	Horses	\$1,200	4.0%	\$12,000	\$4,560	10	100	\$1,100
16	Bulls	\$4,000	4.0%	\$63,000	\$23,940	4	100	\$11,718
90	Cows	2,500	4.0%	\$225,000	\$85,500	8	100	\$24,140
145	Total AUUs							
Sub Total				\$75,000				\$12,818
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
47	Replacement Heifers	\$2,300	4.0%	\$108,675	\$41,297			\$3,428
350	Total AUUs							
Sub Total				\$896,175	\$340,547			\$28,268
Total				<u>\$2,726,675</u>				<u>\$56,838</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.