

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

BREED HERD SIZE 315 COW to BULL 20 CALF CROP PERCENT¹ 83%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 47

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
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

	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
1. FEED COSTS						
HAY	TON	25.00	\$155.00	\$3,875	\$12.30	_____
STATE	AUY	45.0%	\$38.04	\$5,392	\$17.12	_____
FEDERAL LEASE	AUY	35.0%	\$20.88	\$6,577	\$20.88	_____
PRIVATE(Owned)	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

	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
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

	VARIABLE COSTS	TOTAL COSTS
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.