

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

BREED HERD SIZE 340 COW to BULL 20 CALF CROP PERCENT¹ 84%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 51

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	143	510	\$2.15	\$156,580	\$460.53	_____
HEIFER CALVES	92	485	\$2.08	\$92,608	\$272.38	_____
CULL COWS	51	900	\$0.81	\$37,179	\$109.35	_____
CULL BULLS	1	1200	\$0.92	\$1,104	\$3.25	_____
FEE HUNTING	1			\$4,500	\$13.24	_____
TOTAL	287			\$291,971	\$858.74	_____

VARIABLE COSTS

	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
1. FEED COSTS						
HAY	TON	28.00	\$155	\$4,340	\$12.76	_____
STATE	AUY	45.0%	\$38.04	\$5,820	\$17.12	_____
FEDERAL LEASE	AUY	25.0%	\$20.88	\$7,099	\$20.88	_____
PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
SALT & MINERAL	TON	12	\$710	\$8,811	\$25.92	_____
PROTEIN SUPP	TON	43	\$315	\$13,388	\$39.38	_____
TOTAL				\$39,458	\$116.05	_____

2. OTHER VARIABLE COSTS

	COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE	\$4,299	\$12.64	_____
LIVESTOCK HAULING	\$1,290	\$3.79	_____
HIRED LABOR	\$25,000	\$73.53	_____
OPERATING COSTS-EQUIP & MACH	\$5,000	\$14.71	_____
OPERATING COSTS-VEHICLE	\$7,500	\$22.06	_____
RANCH MAINTENANCE	\$9,000	\$26.47	_____
BEEF CHECKOFF	\$235	\$0.69	_____
LIVESTOCK PURCHASES	\$15,000	\$44.12	_____
TOTAL	\$67,323	\$198.01	_____

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
		\$3,737	\$10.99

TOTAL	\$110,519	\$325.05	_____
	\$181,452	\$533.68	_____

OWNERSHIP COSTS

	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS				
Taxes & Insurance		\$9,190	\$27.03	_____
Overhead		\$4,000	\$11.76	_____
Total		\$13,190	\$38.80	_____
NON CASH COSTS				
Purchased Livestock		\$13,528	\$39.79	_____
Machinery & Equipment		\$9,190	\$27.03	_____
Housing & Improvements		\$24,969	\$73.44	_____
Interest on Retained Livestock ⁶		\$30,511	\$89.74	_____
Management & Operation Labor (6% of gross returns)		\$17,518	\$51.52	_____
Total		\$95,717	\$281.52	_____
TOTAL FIXED COSTS		\$108,908	\$320.32	_____
TOTAL CASH AND VARIABLE COSTS		\$123,709	\$363.85	_____
TOTAL COSTS		\$219,426	\$645.37	_____
RETURN ABOVE TOTAL CASH COSTS		\$168,262	\$494.89	_____
RETURN ABOVE TOTAL COSTS		\$72,545	\$213.37	_____

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$77.78	\$87.07
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$77.78	\$154.43

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.

**SOUTHEAST 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	\$65	3.9%	\$390,000	\$390,000			
400	AU Values ¹	\$2,450	3.9%	\$980,000	\$980,000			
Sub Totals				\$1,370,000				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
6	Wells	\$11,000	3.9%	\$66,000	\$6,600	25	100	\$4,020
75	Miles of Fence	\$4,000	3.9%	\$300,000	\$30,000	25	100	\$18,271
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Sub Totals				\$412,000				\$24,969
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	1 ton pickup 4WD	\$45,000	4.0%	\$45,000	\$9,000	7	50	\$3,179
0	Dozer/Tractor	\$7,000	4.0%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$7,000	4.0%	\$14,000	\$2,800	7	100	\$1,978
1	Horse tack	\$4,000	4.0%	\$4,000	\$800	10	100	\$427
1	Misc. equipment	\$6,000	4.0%	\$6,000	\$1,200	10	100	\$640
Sub Total				\$111,000				\$9,190
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
8	Horses	\$1,200	4.0%	\$9,600	\$3,648	10	100	\$880
17	Bulls	\$4,000	4.0%	\$68,000	\$25,840	4	100	\$12,648
80	Cows	\$2,500	4.0%	\$200,000	\$76,000	8	100	\$21,457
131	Total AUUs							
Sub Total				\$77,600				\$13,528
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
340	Cows	\$2,500	4.0%	\$850,000	\$323,000			\$26,811
51	Replacement Heifers	\$2,300	4.0%	\$117,300	\$44,574			\$3,700
378	Total AUUs							
Sub Total				\$967,300	\$367,574			\$30,511
Total				<u>\$2,937,900</u>				<u>\$64,671</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.