

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

BREED HERD SIZE 468 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 85%  
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 70.125

VALUE OF PRODUCTION					VALUE PER COW	
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE		NEW VALUE
STEER CALVES	199	510	\$2.15	\$217,861	\$466.01	_____
HEIFER CALVES	129	485	\$2.08	\$129,694	\$277.42	_____
CULL COWS	70	900	\$0.81	\$51,121	\$109.35	_____
CULL BULLS	1	1200	\$0.92	\$1,104	\$2.36	_____
FEE HUNTING	1			<u>\$6,000</u>	<u>\$12.83</u>	_____
<b>TOTAL</b>	<b>398</b>			<b>\$399,780</b>	<b>\$855.14</b>	_____

VARIABLE COSTS					VALUE PER COW	
	UNITS	QUANTITY/PERCENT	PRICE	COST		NEW VALUE
<b>1. FEED COSTS</b>						
HAY	TON	33.00	\$155	\$5,115	\$10.94	_____
STATE	AUY	45.0%	\$38.04	\$8,003	\$17.12	_____
FEDERAL LEASE	AUY	25.0%	\$20.88	\$9,761	\$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	17	\$710	\$12,115	\$25.92	_____
PROTEIN SUPP	TON	47	\$315	\$14,726	\$31.50	_____
<b>TOTAL</b>				<b>\$49,721</b>	<b>\$106.35</b>	_____

<b>2. OTHER VARIABLE COSTS</b>						
VET AND MEDICINE				\$5,976	\$12.78	_____
LIVESTOCK HAULING				\$1,793	\$3.83	_____
HIRED LABOR				\$28,000	\$59.89	_____
OPERATING COSTS-EQUIP & MACH				\$7,000	\$14.97	_____
OPERATING COSTS-VEHICLE				\$7,500	\$16.04	_____
RANCH MAINTENANCE				\$7,000	\$14.97	_____
BEEF CHECKOFF				\$327	\$0.70	_____
LIVESTOCK PURCHASES				\$15,000	\$32.09	_____
<b>TOTAL</b>				<b>\$72,596</b>	<b>\$155.28</b>	_____

<b>3. INTEREST ON VARIABLE COSTS</b>						
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	
				\$4,281	\$9.16	_____

<b>TOTAL</b>	<b>\$126,597</b>	<b>\$270.80</b>	_____
<b>TOTAL</b>	<b>\$273,183</b>	<b>\$584.35</b>	_____

OWNERSHIP COSTS		Annual Capital Recovery <sup>4</sup> (At Replacement Value):		Represents 65% Asset Ownership <sup>5</sup>		VALUE PER COW	NEW VALUE
<b>CASH COSTS</b>							
Taxes & Insurance				\$14,562	\$31.15	_____	_____
Overhead				\$5,000	\$10.70	_____	_____
<b>Total</b>				<b>\$19,562</b>	<b>\$41.84</b>	_____	_____
<b>NON CASH COSTS</b>							
Purchased Livestock				\$18,711	\$40.02	_____	_____
Machinery & Equipment				\$14,562	\$31.15	_____	_____
Housing & Improvements				\$35,754	\$76.48	_____	_____
Interest on Retained Livestock <sup>6</sup>				\$41,953	\$89.74	_____	_____
Management & Operation Labor ( 6% of gross returns)				\$23,987	\$51.31	_____	_____
<b>Total</b>				<b>\$134,967</b>	<b>\$288.70</b>	_____	_____
<b>TOTAL FIXED COSTS</b>				<b>\$154,529</b>	<b>\$330.54</b>	_____	_____
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$146,159</b>	<b>\$312.64</b>	_____	_____
<b>TOTAL COSTS</b>				<b>\$281,126</b>	<b>\$601.34</b>	_____	_____
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$253,621</b>	<b>\$542.50</b>	_____	_____
<b>RETURN ABOVE TOTAL COSTS</b>				<b>\$118,653</b>	<b>\$253.80</b>	_____	_____

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$64.04	\$73.93
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$64.04	\$142.20

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  
EXTRA-LARGE RANCH INVESTMENTS**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
10,000	Acres of private land	\$65	3.9%	\$650,000	\$650,000			
550	AU Values <sup>1</sup>	\$2,450	3.9%	\$1,347,500	\$1,347,500			
<b>Sub Totals</b>				\$1,997,500				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
15	Miles of pipeline	\$2,000	3.9%	\$30,000	\$3,000	25	100	\$1,827
8	Wells	\$11,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
110	Miles of Fence	\$4,000	3.9%	\$440,000	\$44,000	25	100	\$26,798
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
<b>Sub Totals</b>				\$590,000				\$35,754
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
2	3/4 ton pickup 4WD	\$42,000	4.0%	\$84,000	\$16,800	7	50	\$5,934
1	1 ton pickup 4WD	\$45,000	4.0%	\$45,000	\$9,000	7	50	\$3,179
1	Tractor	\$7,000	4.0%	\$7,000	\$1,400	7	100	\$989
3	Gooseneck trailer	\$7,000	4.0%	\$21,000	\$4,200	7	100	\$2,967
1	Horse tack	\$6,000	4.0%	\$6,000	\$1,200	10	100	\$640
1	Misc. equipment	\$8,000	4.0%	\$8,000	\$1,600	10	100	\$853
<b>Sub Total</b>				\$171,000				\$14,562
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
12	Horses	\$1,200	4.0%	\$14,400	\$5,472	10	100	\$1,320
23	Bulls	\$4,000	4.0%	\$93,500	\$35,530	4	100	\$17,391
110	Cows	\$2,500	4.0%	\$275,000	\$104,500	8	100	\$29,504
<b>182</b>	<b>Total AUUs</b>							
<b>Sub Total</b>				\$107,900				\$18,711
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>			<b>Interest on Investment</b>
467.5	Cows	\$2,500	4.0%	\$1,168,750	\$444,125			\$36,866
70	Replacement Heifers	\$2,300	4.0%	\$161,288	\$61,289			\$5,087
<b>520</b>	<b>Total AUUs</b>							
<b>Sub Total</b>				\$1,330,038	\$505,414			\$41,953
<b>Total</b>				<u>\$4,196,438</u>				<u>\$92,269</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.