

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

BREED HERD SIZE 298 COW to BULL 15 CALF CROP PERCENT<sup>1</sup> 82%  
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 44.625

**VALUE OF PRODUCTION**

	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	122	500	\$2.08	\$126,854	\$426.40
HEIFER CALVES	77	475	\$2.01	\$73,850	\$248.24
CULL COWS	45	1000	\$0.74	\$33,023	\$111.00
CULL BULLS	3	1300	\$0.85	\$3,287	\$11.05
<b>TOTAL</b>	<b>247</b>			<b>\$237,014</b>	<b>\$796.69</b>

**VARIABLE COSTS**

	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
<b>1. FEED COSTS</b>					
HAY	TON	22.00	\$155	\$3,410	\$11.46
STATE	AUY	40.0%	\$38.04	\$4,527	\$15.22
FEDERAL LEASE	AUY	40.0%	\$20.88	\$6,212	\$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	\$7,710	\$25.92
PROTEIN SUPP	TON	30	\$315	\$9,371	\$31.50
<b>TOTAL</b>				<b>\$31,230</b>	<b>\$104.97</b>
<b>2. OTHER VARIABLE COSTS</b>					
VET AND MEDICINE				\$3,704	\$12.45
LIVESTOCK HAULING				\$1,111	\$3.74
HIRED LABOR				\$18,000	\$60.50
OPERATING COSTS-EQUIP & MACH				\$5,000	\$16.81
OPERATING COSTS-VEHICLE				\$6,000	\$20.17
RANCH MAINTENANCE				\$5,500	\$18.49
BEEF CHECKOFF				\$199	\$0.67
LIVESTOCK PURCHASES				\$9,000	\$30.25
<b>TOTAL</b>				<b>\$48,514</b>	<b>\$163.07</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
				\$2,791	\$9.38
<b>TOTAL</b>				<b>\$82,535</b>	<b>\$277.43</b>
				\$154,479	\$519.26

**OWNERSHIP COSTS**

	Annual Capital Recovery <sup>4</sup> (At Replacement Value):	Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW
<b>CASH COSTS</b>			
Taxes & Insurance		\$15,805	\$53.13
Overhead		\$2,000	\$6.72
<b>Total</b>		<b>\$17,805</b>	<b>\$59.85</b>
<b>NON CASH COSTS</b>			
Purchased Livestock		\$13,287	\$44.66
Machinery & Equipment		\$15,805	\$53.13
Housing & Improvements		\$20,141	\$67.70
Interest on Retained Livestock <sup>6</sup>		\$38,850	\$130.59
Management & Operation Labor ( 6% of gross returns)		\$14,221	\$47.80
<b>Total</b>		<b>\$102,304</b>	<b>\$343.88</b>
<b>TOTAL FIXED COSTS</b>		\$120,110	\$403.73
<b>TOTAL CASH AND VARIABLE COSTS</b>		\$100,340	\$337.28
<b>TOTAL COSTS</b>		\$202,645	\$681.16
<b>RETURN ABOVE TOTAL CASH COSTS</b>		\$136,673	\$459.41
<b>RETURN ABOVE TOTAL COSTS</b>		\$34,369	\$115.53

**BREAKEVEN CALCULATIONS**

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$69.40	\$84.37
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$69.40	\$170.40

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.

**SOUTHWEST REGION  
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>
6,000	Acres of private land	\$75	3.9%	\$450,000	\$450,000			
298	AU Values <sup>1</sup>	\$2,400	3.9%	\$714,000	\$714,000			
<b>Sub Totals</b>				\$1,164,000				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
18	Miles of pipeline	\$2,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
6	Wells	\$12,000	3.9%	\$72,000	\$7,200	25	100	\$4,385
100	Miles of Fence	\$2,000	3.9%	\$200,000	\$20,000	25	100	\$12,181
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
<b>Sub Totals</b>				\$333,000				\$20,141
<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	6.0%	\$84,000	\$16,800	7	50	\$6,523
1	1 ton pickup 4WD	\$45,000	6.0%	\$45,000	\$9,000	7	50	\$3,494
1	Tractor	\$5,000	6.0%	\$5,000	\$1,000	7	100	\$777
3	Gooseneck trailer	\$7,000	6.0%	\$21,000	\$4,200	7	100	\$3,261
1	Horse tack	\$8,000	6.0%	\$8,000	\$1,600	10	100	\$966
1	Misc. equipment	\$6,500	6.0%	\$6,500	\$1,300	10	100	\$785
<b>Sub Total</b>				\$169,500				\$15,805
<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>			
8	Horses	\$1,500	6.0%	\$12,000	\$4,560	10	100	\$1,284
20	Bulls	\$3,000	6.0%	\$59,500	\$22,610	4	100	\$12,003
34	Cows	\$2,400	6.0%	\$81,600	\$31,008	8	100	\$10,008
<b>77</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$71,500				\$13,287
<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>
297.5	Cows	\$2,400	6.0%	\$714,000	\$271,320			\$33,782
45	Replacement Heifers	\$2,400	6.0%	\$107,100	\$40,698			\$5,067
<b>331</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$821,100	\$312,018			\$38,850
<b>Total</b>				<u>\$2,559,100</u>				<u>\$74,796</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.