

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

BREED HERD SIZE 170 COW to BULL 15 CALF CROP PERCENT¹ 84%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 25.5

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	71	500	\$2.08	\$74,256	\$436.80	
HEIFER CALVES	46	475	\$2.01	\$43,823	\$257.78	
CULL COWS	26	900	\$0.74	\$16,983	\$99.90	
CULL BULLS	1	1200	\$0.85	\$1,020	\$6.00	
TOTAL	144			\$136,082	\$800.48	

VARIABLE COSTS

1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
HAY	TON	18.00	\$155	\$2,790	\$16.41	
STATE	AUY	30.0%	\$38.04	\$1,940	\$11.41	
FEDERAL LEASE	AUY	60.0%	\$20.88	\$3,550	\$20.88	
PRIVATE(Owned)	AUY	10.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	
SALT & MINERAL	TON	6	\$710	\$4,406	\$25.92	
PROTEIN SUPP	TON	17	\$315	\$5,355	\$31.50	
TOTAL				\$18,040	\$106.12	

2. OTHER VARIABLE COSTS

	COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE	\$2,157	\$12.69	
LIVESTOCK HAULING	\$647	\$3.81	
HIRED LABOR	\$9,000	\$52.94	
OPERATING COSTS-EQUIP & MACH	\$3,000	\$17.65	
OPERATING COSTS-VEHICLE	\$5,000	\$29.41	
RANCH MAINTENANCE	\$6,000	\$35.29	
BEEF CHECKOFF	\$117	\$0.69	
PURCHASED LIVESTOCK	\$7,000	\$41.18	
TOTAL	\$32,921	\$193.66	

3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED	ANNUAL INTEREST RATE	NUMBER OF MONTHS BORROWED	VALUE PER COW
	7.00%	6	
			\$1,784
			\$10.49
TOTAL			\$83,337
			\$310.27
			\$490.22

OWNERSHIP COSTS

Annual Capital Recovery ³ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS			
Taxes & Insurance	\$9,244	\$54.37	
Overhead	\$2,000	\$11.76	
Total	\$11,244	\$66.14	
NON CASH COSTS			
Purchased Livestock	\$6,392	\$37.60	
Machinery & Equipment	\$9,244	\$54.37	
Housing & Improvements	\$16,731	\$98.42	
Interest on Retained Livestock ⁶	\$15,256	\$89.74	
Management & Operation Labor (6% of gross returns)	\$8,165	\$48.03	
Total	\$55,787	\$328.16	
TOTAL FIXED COSTS	\$67,031	\$394.30	
TOTAL CASH AND VARIABLE COSTS	\$63,989	\$376.41	
TOTAL COSTS	\$119,776	\$704.56	
RETURN ABOVE TOTAL CASH COSTS	\$72,093	\$424.08	
RETURN ABOVE TOTAL COSTS	\$16,306	\$95.92	

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$75.77	\$91.92
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$75.77	\$172.05

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.

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Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
3,500	Acres of private land	\$75	3.9%	\$262,500	\$262,500			
170	AU Values ¹	\$2,400	3.9%	\$408,000	\$408,000			
Sub Totals				\$670,500				
Number	Buildings, Improvements	Price Per Unit		Price	Salvage/Cull			Annual Capital Recovery
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
4	Wells	\$12,000	3.9%	\$48,000	\$4,800	25	100	\$2,923
45	Miles of Fence	\$4,000	3.9%	\$180,000	\$18,000	25	100	\$10,963
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				\$277,000				\$16,731
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			Annual Capital Recovery
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	\$5,000	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	\$6,000	4.0%	\$6,000	\$1,200	10	100	\$640
1	Misc. equipment	\$4,500	4.0%	\$4,500	\$900	10	100	\$480
Sub Total				\$111,500				\$9,244
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			Annual Capital Recovery
4	Horses	\$1,200	4.0%	\$4,800	\$1,824	10	100	\$440
8	Bulls	\$4,000	4.0%	\$32,000	\$12,160	4	100	\$5,952
30	Cows	\$2,500	4.0%	\$75,000	\$28,500	8	100	\$8,047
53	Total AUUs							
Sub Total				\$36,800				\$6,392
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
170	Cows	\$2,500	4.0%	\$425,000	\$161,500			\$13,406
26	Replacement Heifers	\$2,300	4.0%	\$58,650	\$22,287			\$1,850
189	Total AUUs							
Sub Total				\$483,650	\$183,787			\$15,256
Total				<u>\$1,579,450</u>				<u>\$41,230</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.