

**NORTHEAST REGION
EX-LARGE STOCKER BUDGET 2016**

HERD SIZE 1500

DEATH LOSS PERCENT¹ 3%

VALUE OF PRODUCTION					VALUE PER HEAD	
	QUANTITY	WEIGHT	PRICE ²	VALUE		NEW VALUE
STEER CALVES	1455	650	\$2.07	\$1,957,703	\$1,305.14	
TOTAL	1455			\$1,957,703	\$1,305.14	

VARIABLE COSTS

					VALUE PER HEAD	
1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST		NEW VALUE
HAY	TON	0.00	\$155	\$0	\$0.00	
STATE	AUY	0.0%	\$0.00	\$0	\$0.00	
FEDERAL LEASE	AUY	0.0%	\$0.00	\$0	\$0.00	
PRIVATE(Owned)	AUY	100.0%	\$35.00	\$210,000	\$140.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	
SALT & MINERAL	TON	20.00	\$710	\$14,200	\$9.47	
PROTEIN SUPP	TON	20.00	\$315	\$6,300	\$4.20	
OTHER		0.00	\$0	\$0	\$0.00	
TOTAL				\$230,500	\$153.67	

2. OTHER VARIABLE COSTS

	COST	VALUE PER HEAD	NEW VALUE
VET AND MEDICINE	\$23,250	\$15.50	
LIVESTOCK HAULING	\$6,548	\$4.37	
HIRED LABOR	\$0	\$0.00	
OPERATING COSTS-EQUIP & MACH	\$0	\$0.00	
OPERATING COSTS-VEHICLE	\$0	\$0.00	
RANCH MAINTENANCE	\$0	\$0.00	
BEEF CHECKOFF	\$1,455	\$0.97	
LIVESTOCK PURCHASES	\$1,290,000	\$860.00	
TOTAL	\$1,321,253	\$880.84	

3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED X INTEREST RATE PER MONTH				VALUE PER HEAD	
ANNUAL INTEREST RATE	NUMBER OF MONTHS BORROWED				
7.0%	6	\$54,311	\$36.21		
TOTAL		\$1,606,064	\$1,070.71		
RETURN		\$351,639	\$234.43		

OWNERSHIP COSTS

Annual Capital Recovery ⁴ (At Replacement Value):		Represents 65% Asset Ownership ⁵		VALUE PER HEAD	NEW VALUE
CASH COSTS					
Taxes & Insurance		\$0	\$0.00		
Overhead		\$0	\$0.00		
Total		\$0	\$0.00		
NON CASH COSTS					
Purchased Livestock		\$0	\$0.00		
Machinery & Equipment		\$0	\$0.00		
Housing & Improvements		\$0	\$0.00		
Interest on Retained Livestock ⁶		\$0	\$0.00		
Management & Operation Labor (6% of gross returns)		\$0	\$0.00		
Total		\$0	\$0.00		

TOTAL FIXED COSTS	\$0	\$0.00
TOTAL CASH AND VARIABLE COSTS	\$1,606,064	\$1,070.71
TOTAL COSTS	\$1,606,064	\$1,070.71
RETURN ABOVE TOTAL CASH COSTS	\$351,639	\$234.43
RETURN ABOVE TOTAL COSTS	\$351,639	\$234.43

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$10,981.63	\$10,981.63
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$10,981.63	\$10,981.63

1) Death loss indicates those calves which were turned out but were not accounted for when removed from the pasture

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.

**NORTHEAST REGION
YEARLING 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
90,000	Acres of private land	\$85	3.9%	\$7,650,000	\$7,650,000			
500	AU Values ¹	\$2,500	3.9%	\$1,250,000	\$1,250,000			
Sub Totals				\$8,900,000				
Number	Buildings, Improvements	Price Per Unit						
16	Miles of pipeline	\$2,000	3.9%	\$32,000	\$3,200	25	100	\$1,949
10	Wells	\$12,000	3.9%	\$120,000	\$12,000	25	100	\$7,308
95	Miles of Fence	\$4,000	3.9%	\$380,000	\$38,000	25	100	\$23,143
2	Corrals/Working Facilities	\$12,000	3.9%	\$24,000	\$2,400	30	100	\$1,328
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Sub Totals				\$574,000				\$34,724
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
3	3/4 ton pickup 4WD	\$30,000	4.0%	\$90,000	\$18,000	7	50	\$6,358
1	1 ton pickup 4WD	\$32,000	4.0%	\$32,000	\$6,400	7	50	\$2,261
1	Tractor	\$5,000	4.0%	\$5,000	\$1,000	7	100	\$706
3	Gooseneck trailer	\$6,500	4.0%	\$19,500	\$3,900	7	100	\$2,755
1	Horse tack	\$6,000	4.0%	\$6,000	\$1,200	10	100	\$640
1	Misc. equipment	\$7,000	4.0%	\$7,000	\$1,400	10	100	\$746
Sub Total				\$159,500				\$13,466
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
13	Horses	\$1,200	4.0%	\$15,600	\$5,928	10	100	\$1,430
Sub Total				\$15,600				\$1,430
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
1500	Stockers	\$980	4.0%	\$1,470,000	\$558,600			\$46,368
Total AUUs								
Sub Total				\$1,470,000	\$558,600			\$46,368
Total				<u>\$11,119,100</u>				<u>\$94,558</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.

2) For intermediate assets an interest rate of 7.00% was used.

3) A rate of 6.50 percent reflects a typical return on a low -risk investment (30 YR Treasury Bond)