

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

HERD SIZE 1500

DEATH LOSS PERCENT<sup>1</sup> 3%

VALUE OF PRODUCTION					VALUE PER HEAD	
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	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	
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		
ANNUAL INTEREST RATE	7.0%	
NUMBER OF MONTHS BORROWED	6	VALUE PER HEAD
	\$54,311	\$36.21
TOTAL	\$1,606,064	\$1,070.71
RETURN	\$351,639	\$234.43

**OWNERSHIP COSTS**

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

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

<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>
90,000	Acres of private land	\$85	3.9%	\$7,650,000	\$7,650,000			
500	AU Values <sup>1</sup>	\$2,500	3.9%	\$1,250,000	\$1,250,000			
<b>Sub Totals</b>				\$8,900,000				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
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
<b>Sub Totals</b>				\$574,000				\$34,724
<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>			
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
<b>Sub Total</b>				\$159,500				\$13,466
<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>			
13	Horses	\$1,200	4.0%	\$15,600	\$5,928	10	100	\$1,430
<b>Sub Total</b>				\$15,600				\$1,430
<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>	
1500	Stockers	\$980	4.0%	\$1,470,000	\$558,600			\$46,368
<b>Total AUUs</b>								
<b>Sub Total</b>				\$1,470,000	\$558,600			\$46,368
<b>Total</b>				<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)