

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

BREED HERD SIZE 315 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 83%  
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 47

VALUE OF PRODUCTION							
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW		
							NEW VALUE
STEER CALVES	131	510	\$2.12	\$141,340	\$448.70		_____
HEIFER CALVES	83	485	\$2.06	\$83,400	\$264.76		_____
CULL COWS	62	900	\$0.79	\$44,260	\$140.51		_____
CULL BULLS	1	1200	\$0.90	\$1,080	\$3.43		_____
FEE HUNTING	1			\$10,000	\$31.75		_____
<b>TOTAL</b>	<b>277</b>			<b>\$280,079</b>	<b>\$889.14</b>		_____

VARIABLE COSTS							
1. FEED COSTS							
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW		
							NEW VALUE
HAY	TON	25.00	\$155.00	\$3,875	\$12.30		_____
STATE	AUY	45.0%	\$38.04	\$5,392	\$17.12		_____
FEDERAL LEASE	AUY	35.0%	\$20.88	\$6,577	\$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	\$710.00	\$8,163	\$25.92		_____
PROTEIN SUPP	TON	44	\$315.00	\$13,892	\$44.10		_____
				\$37,899	\$120.31		_____
2. OTHER VARIABLE COSTS							
VET AND MEDICINE				\$4,725	\$15.00		_____
LIVESTOCK HAULING				\$1,249	\$3.96		_____
HIRED LABOR				\$25,000	\$79.37		_____
OPERATING COSTS-EQUIP & MACH				\$5,000	\$15.87		_____
OPERATING COSTS-VEHICLE				\$6,000	\$19.05		_____
RANCH MAINTENANCE				\$7,000	\$22.22		_____
BEEF CHECKOFF				\$214	\$0.68		_____
OTHER				\$18,000	\$57.14		_____
<b>TOTAL</b>				<b>\$67,188</b>	<b>\$213.29</b>		_____
3. INTEREST ON VARIABLE COSTS							
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	
				\$3,678	\$11.68		_____
<b>TOTAL</b>				<b>\$108,765</b>	<b>\$345.29</b>		_____
				\$171,315	\$543.86		_____

OWNERSHIP COSTS							
Annual Capital Recovery <sup>4</sup> (At Replacement Value):				Represents 65% Asset Ownership <sup>5</sup> VALUE PER COW NEW VALUE			
CASH COSTS							
Taxes & Insurance				\$6,419	\$20.38		_____
Overhead				\$4,000	\$12.70		_____
<b>Total</b>				<b>\$10,419</b>	<b>\$33.08</b>		_____
NON CASH COSTS							
Purchased Livestock				\$12,818	\$40.69		_____
Machinery & Equipment				\$6,419	\$20.38		_____
Housing & Improvements				\$22,151	\$70.32		_____
Interest on Retained Livestock <sup>6</sup>				\$28,268	\$89.74		_____
Management & Operation Labor ( 6% of gross returns)				\$10,279	\$32.63		_____
<b>Total</b>				<b>\$79,935</b>	<b>\$253.76</b>		_____
<b>TOTAL FIXED COSTS</b>				<b>\$90,354</b>	<b>\$286.84</b>		_____
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$119,184</b>	<b>\$378.36</b>		_____
<b>TOTAL COSTS</b>				<b>\$199,119</b>	<b>\$632.12</b>		_____
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$160,895</b>	<b>\$510.78</b>		_____
<b>RETURN ABOVE TOTAL COSTS</b>				<b>\$80,960</b>	<b>\$257.02</b>		_____

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$83.62	\$91.63
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$83.62	\$153.08

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.

**NORTHWEST 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	\$80	3.9%	\$480,000	\$480,000			
350	AU Values <sup>1</sup>	\$2,400	3.9%	\$840,000	\$840,000			
<b>Sub Totals</b>				\$1,320,000				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
13	Miles of pipeline	\$2,000	3.9%	\$26,000	\$2,600	25	100	\$1,583
5	Wells	\$11,000	3.9%	\$55,000	\$5,500	25	100	\$3,350
65	Miles of Fence	\$4,000	3.9%	\$260,000	\$26,000	25	100	\$15,835
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>				\$366,000				\$22,151
<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>			
1	3/4 ton pickup 4WD	\$42,000	4.0%	\$42,000	\$8,400	7	50	\$2,967
0	3/4 ton pickup 4WD	\$45,000	4.0%	\$0	\$0	7	50	\$0
0	Tractor	\$7,000	4.0%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$7,500	4.0%	\$15,000	\$3,000	7	100	\$2,119
1	Horse tack	\$5,000	4.0%	\$5,000	\$1,000	10	100	\$533
1	Misc. equipment	\$7,500	4.0%	\$7,500	\$1,500	10	100	\$800
<b>Sub Total</b>				\$69,500				\$6,419
<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>			
10	Horses	\$1,200	4.0%	\$12,000	\$4,560	10	100	\$1,100
16	Bulls	\$4,000	4.0%	\$63,000	\$23,940	4	100	\$11,718
90	Cows	2,500	4.0%	\$225,000	\$85,500	8	100	\$24,140
<b>145</b>	<b>Total AUys</b>							
<b>Sub Total</b>				\$75,000				\$12,818
<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>
315	Cows	\$2,500	4.0%	\$787,500	\$299,250			\$24,840
47	Replacement Heifers	\$2,300	4.0%	\$108,675	\$41,297			\$3,428
<b>350</b>	<b>Total AUys</b>							
<b>Sub Total</b>				\$896,175	\$340,547			\$28,268
<b>Total</b>				<u>\$2,726,675</u>				<u>\$56,838</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.