

**SOUTHEAST REGION
EX-LARGE COW/CALF BUDGET 2016**

BREED HERD SIZE 468 COW to BULL 20 CALF CROP PERCENT¹ 85%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 70.125

VALUE OF PRODUCTION					VALUE PER COW	
	QUANTITY	WEIGHT	PRICE ²	VALUE	NEW VALUE	
STEER CALVES	199	510	\$2.15	\$217,861	\$466.01	_____
HEIFER CALVES	129	485	\$2.08	\$129,694	\$277.42	_____
CULL COWS	70	900	\$0.81	\$51,121	\$109.35	_____
CULL BULLS	1	1200	\$0.92	\$1,104	\$2.36	_____
FEE HUNTING	1			<u>\$6,000</u>	<u>\$12.83</u>	_____
TOTAL	398			\$399,780	\$855.14	_____

VARIABLE COSTS					VALUE PER COW	
	UNITS	QUANTITY/PERCENT	PRICE	COST	NEW VALUE	
1. FEED COSTS						
HAY	TON	33.00	\$155	\$5,115	\$10.94	_____
STATE	AUY	45.0%	\$38.04	\$8,003	\$17.12	_____
FEDERAL LEASE	AUY	25.0%	\$20.88	\$9,761	\$20.88	_____
PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
SALT & MINERAL	TON	17	\$710	\$12,115	\$25.92	_____
PROTEIN SUPP	TON	47	\$315	\$14,726	\$31.50	_____
TOTAL				\$49,721	\$106.35	_____
2. OTHER VARIABLE COSTS						
VET AND MEDICINE				\$5,976	\$12.78	_____
LIVESTOCK HAULING				\$1,793	\$3.83	_____
HIRED LABOR				\$28,000	\$59.89	_____
OPERATING COSTS-EQUIP & MACH				\$7,000	\$14.97	_____
OPERATING COSTS-VEHICLE				\$7,500	\$16.04	_____
RANCH MAINTENANCE				\$7,000	\$14.97	_____
BEEF CHECKOFF				\$327	\$0.70	_____
LIVESTOCK PURCHASES				<u>\$15,000</u>	<u>\$32.09</u>	_____
TOTAL				\$72,596	\$155.28	_____
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
				\$4,281	\$9.16	_____
TOTAL				\$126,597	\$270.80	_____
TOTAL				\$273,183	\$584.35	_____

OWNERSHIP COSTS				
	Annual Capital Recovery ⁴ (At Replacement Valve):		Represents 65% Asset Ownership ⁵	VALUE PER COW NEW VALUE
CASH COSTS				
Taxes & Insurance			\$14,562	\$31.15
Overhead			\$5,000	\$10.70
Total			\$19,562	\$41.84
NON CASH COSTS				
Purchased Livestock			\$18,711	\$40.02
Machinery & Equipment			\$14,562	\$31.15
Housing & Improvements			\$35,754	\$76.48
Interest on Retained Livestock ⁶			\$41,953	\$89.74
Management & Operation Labor (6% of gross returns)			<u>\$23,987</u>	<u>\$51.31</u>
Total			\$134,967	\$288.70
TOTAL FIXED COSTS			\$154,529	\$330.54
TOTAL CASH AND VARIABLE COSTS			\$146,159	\$312.64
TOTAL COSTS			\$281,126	\$601.34
RETURN ABOVE TOTAL CASH COSTS			\$253,621	\$542.50
RETURN ABOVE TOTAL COSTS			\$118,653	\$253.80

BREAKEYEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$64.04	\$73.93
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$64.04	\$142.20

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.

**SOUTHEAST REGION
EXTRA-LARGE 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
10,000	Acres of private land	\$65	3.9%	\$650,000	\$650,000			
550	AU Values ¹	\$2,450	3.9%	\$1,347,500	\$1,347,500			
Sub Totals				\$1,997,500				
Number	Buildings, Improvements	Price Per Unit						
15	Miles of pipeline	\$2,000	3.9%	\$30,000	\$3,000	25	100	\$1,827
8	Wells	\$11,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
110	Miles of Fence	\$4,000	3.9%	\$440,000	\$44,000	25	100	\$26,798
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Sub Totals				\$590,000				\$35,754
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$42,000	4.0%	\$84,000	\$16,800	7	50	\$5,934
1	1 ton pickup 4WD	\$45,000	4.0%	\$45,000	\$9,000	7	50	\$3,179
1	Tractor	\$7,000	4.0%	\$7,000	\$1,400	7	100	\$989
3	Gooseneck trailer	\$7,000	4.0%	\$21,000	\$4,200	7	100	\$2,967
1	Horse tack	\$6,000	4.0%	\$6,000	\$1,200	10	100	\$640
1	Misc. equipment	\$8,000	4.0%	\$8,000	\$1,600	10	100	\$853
Sub Total				\$171,000				\$14,562
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
12	Horses	\$1,200	4.0%	\$14,400	\$5,472	10	100	\$1,320
23	Bulls	\$4,000	4.0%	\$93,500	\$35,530	4	100	\$17,391
110	Cows	\$2,500	4.0%	\$275,000	\$104,500	8	100	\$29,504
182	Total AUys							
Sub Total				\$107,900				\$18,711
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
467.5	Cows	\$2,500	4.0%	\$1,168,750	\$444,125			\$36,866
70	Replacement Heifers	\$2,300	4.0%	\$161,288	\$61,289			\$5,087
520	Total AUys							
Sub Total				\$1,330,038	\$505,414			\$41,953
Total				<u>\$4,196,438</u>				<u>\$92,269</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.