

**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						
X INTEREST RATE PER MONTH						
ANNUAL INTEREST RATE				7.00%		
NUMBER OF MONTHS BORROWED				6	VALUE PER COW	
				\$1,784	\$10.49	_____
TOTAL				\$52,745	\$310.27	_____

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.

SOUTHWEST REGION

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						
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 Rate³	Price	Salvage/Cull			
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 Rate³	Price	Salvage/Cull			
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 AUys							
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 AUys							
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.