

**SOUTHWEST REGION  
SMALL COW/CALF BUDGET 2016**

	BREED HERD SIZE 64	COW to BULL 15	CALF CROP PERCENT <sup>1</sup> 85%	CULL RATE 15%	REPLACEMENT HEIFER'S KEPT 9.6	
<b>VALUE OF PRODUCTION</b>						
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE<sup>2</sup></u>	<u>VALUE</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
ANIMALS SOLD						
STEER CALVES	27	500	\$2.08	\$28,288	\$442.00	_____
HEIFER CALVES	18	475	\$2.01	\$16,804	\$262.56	_____
CULL COWS	10	900	\$0.74	\$6,394	\$99.90	_____
CULL BULLS	1	1200	\$0.85	\$1,020	\$15.94	_____
TOTAL	55			\$52,505	\$820.39	_____
<b>VARIABLE COSTS</b>						
	<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
1. FEED COSTS						
HAY	TON	7.00	\$155	\$1,085	\$16.95	_____
STATE	AUY	25.0%	\$38.04	\$609	\$9.51	_____
FEDERAL LEASE	AUY	65.0%	\$20.88	\$1,336	\$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	2	\$710	\$1,659	\$25.92	_____
PROTEIN SUPP	TON	6	\$315	\$2,016	\$31.50	_____
TOTAL				\$6,705	\$104.76	_____
2. OTHER VARIABLE COSTS				<u>COST</u>		
VET AND MEDICINE				\$831	\$12.98	_____
LIVESTOCK HAULING				\$249	\$3.90	_____
HIRED LABOR				\$1,000	\$15.63	_____
OPERATING COSTS-EQUIP & MACH				\$1,500	\$23.44	_____
OPERATING COSTS-VEHICLE				\$2,500	\$39.06	_____
RANCH MAINTENANCE				\$1,500	\$23.44	_____
BEEF CHECKOFF				\$45	\$0.70	_____
OTHER				\$4,000	\$62.50	_____
TOTAL				\$11,625	\$181.64	_____
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	<u>VALUE PER COW</u>	
				\$642	\$10.02	_____
TOTAL				\$18,971	\$296.42	_____
<b>OWNERSHIP COSTS</b>						
	Annual Capital Recovery <sup>4</sup> (At Replacement Value):			Represents 65% Asset Ownership <sup>5</sup>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
CASH COSTS						
Taxes & Insurance				\$4,756	\$74.31	_____
Overhead				\$1,000	\$15.63	_____
Total				\$5,756	\$89.93	_____
NON CASH COSTS						
Purchased Livestock				\$3,614	\$56.47	_____
Machinery & Equipment				\$4,756	\$74.31	_____
Housing & Improvements				\$9,544	\$149.12	_____
Interest on Retained Livestock <sup>6</sup>				\$5,743	\$89.74	_____
Management & Operation Labor ( 6% of gross returns)				\$3,150	\$49.22	_____
Total				\$26,808	\$418.87	_____
TOTAL FIXED COSTS				\$32,564	\$508.81	_____
TOTAL CASH AND VARIABLE COSTS				\$24,727	\$386.36	_____
TOTAL COSTS				\$51,535	\$805.23	_____
RETURN ABOVE TOTAL CASH COSTS				\$27,778	\$434.04	_____
RETURN ABOVE TOTAL COSTS				\$970	\$15.16	_____
<b>BREAKEVEN CALCULATIONS</b>						
	<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>				
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$71.54	\$93.24				
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$71.54	\$194.32				

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  
SMALL RANCH INVESTMENTS**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	10 Yr Avg Rate of Return <sup>1</sup>	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
1,500	Acres of private land	\$75	3.9%	\$112,500	\$112,500			
64	AU Values	\$2,400	3.9%	\$153,600	\$153,600			
<b>Sub Totals</b>				\$266,100				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
5	Miles of pipeline	\$2,000	3.9%	\$10,000	\$1,000	25	100	\$609
2	Wells	\$12,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
25	Miles of Fence	\$4,000	3.9%	\$100,000	\$10,000	25	100	\$6,090
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>				\$159,000				\$9,544
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	Interest Rate <sup>2</sup>	Price	Salvage/Cull			
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	Dozer/Tractor	\$7,000	4.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$7,000	4.0%	\$7,000	\$1,400	7	100	\$989
1	Horse tack	\$4,000	4.0%	\$4,000	\$800	10	100	\$427
1	Misc. equipment	\$3,500	4.0%	\$3,500	\$700	10	100	\$373
<b>Sub Total</b>				\$56,500				\$4,756
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
4	Horses	\$1,200	4.0%	\$4,800	\$1,824	10	100	\$440
4	Bulls	\$4,000	4.0%	\$17,067	\$6,485	4	100	\$3,174
12	Cows	\$2,500	4.0%	\$30,000	\$11,400	8	100	\$3,219
<b>25</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$21,867				\$3,614
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	Interest Rate	Price	Salvage/Cull			Interest on Investment
64	Cows	\$2,500	4.0%	\$160,000	\$60,800			\$5,047
10	Replacement Heifers	\$2,300	4.0%	\$22,080	\$8,390			\$696
<b>71</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$182,080	\$69,190			\$5,743
<b>Total</b>				<u>\$685,547</u>				<u>\$20,043</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.