

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

	BREED HERD SIZE 64	COW to BULL 15	CALF CROP PERCENT ¹ 85%	CULL RATE 15%	REPLACEMENT HEIFER'S KEPT 9.6		
VALUE OF PRODUCTION							
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</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	_____	
VARIABLE COSTS							
	<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	_____	
OWNERSHIP COSTS							
	Annual Capital Recovery ⁴ (At Replacement Value):			Represents 65% Asset Ownership ⁵		<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 ⁶				\$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	_____	
BREAKEVEN CALCULATIONS							
	<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**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return¹	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			
Sub Totals				\$266,100				
Number	Buildings, Improvements	Price Per Unit		Price	Salvage/Cull			
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
Sub Totals				\$159,000				\$9,544
Number	Machinery & Vehicles	Price Per Unit	Interest Rate²	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
Sub Total				\$56,500				\$4,756
Head	Purchased Livestock	Price Per Unit	Interest Rate³	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
25	Total AUys							
Sub Total				\$21,867				\$3,614
Head	Retained Livestock	Price Per Unit	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
71	Total AUys							
Sub Total				\$182,080	\$69,190			\$5,743
Total				<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.