

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

BREED HERD SIZE	170	COW to BULL	20	CALF CROP PERCENT ¹	83%
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	510	\$2.12	\$76,279	\$448.70	_____
HEIFER CALVES	45	485	\$2.06	\$45,009	\$264.76	_____
CULL COWS	26	900	\$0.79	\$18,131	\$106.65	_____
CULL BULLS	1	1200	\$0.90	\$1,080	\$6.35	_____
FEE HUNTING	1			\$3,500	\$20.59	_____
	142					
TOTAL				\$143,999	\$847.05	

VARIABLE COSTS

		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
1. FEED COSTS							
	HAY	TON	34.00	\$155.00	\$5,270	\$31.00	_____
	STATE	AUY	45.0%	\$38.04	\$2,910	\$17.12	_____
	FEDERAL LEASE	AUY	35.0%	\$20.88	\$3,550	\$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	6	\$710.00	\$4,406	\$25.92	_____
	PROTEIN SUPP	TON	24	\$315.00	\$7,497	\$44.10	_____
	TOTAL				\$23,632	\$139.01	_____
2. OTHER VARIABLE COSTS							
	VET AND MEDICINE				\$2,550	\$15.00	_____
	LIVESTOCK HAULING				\$639	\$3.76	_____
	HIRED LABOR				\$11,000	\$64.71	_____
	OPERATING COSTS-EQUIP & MACH				\$4,000	\$23.53	_____
	OPERATING COSTS-VEHICLE				\$5,000	\$29.41	_____
	RANCH MAINTENANCE				\$6,000	\$35.29	_____
	BEEF CHECKOFF				\$116	\$0.68	_____
	OTHER				\$16,000	\$94.12	_____
	TOTAL				\$45,305	\$266.50	_____
3. INTEREST ON VARIABLE COSTS							
	SUM OF VARIABLE COSTS X MONTHS BORROWED						
	X INTEREST RATE PER MONTH						
	ANNUAL INTEREST RATE				4.00%		
	NUMBER OF MONTHS BORROWED				6	VALUE PER COW	
						HIGH	
					\$1,379	\$8.11	
	TOTAL				\$70,316	\$413.62	
					\$73,683	\$433.43	

OWNERSHIP COSTS

		Annual Capital Recovery ⁴ (At Replacement Valve):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS					
	Taxes & Insurance			\$6,029	\$35.46
	Overhead			\$2,163	\$12.72
	Total			\$8,192	\$48.19
NON CASH COSTS					
	Purchased Livestock			\$7,204	\$42.38
	Machinery & Equipment			\$6,029	\$35.46
	Housing & Improvements			\$14,355	\$84.44
	Interest on Retained Livestock ⁶			\$15,256	\$89.74
	Management & Operation Labor (6% of gross returns)			\$8,640	\$50.82
	Total			\$51,484	\$302.84
TOTAL FIXED COSTS				\$59,675	\$351.03
TOTAL CASH AND VARIABLE COSTS				\$78,508	\$461.81
TOTAL COSTS				\$129,991	\$764.65
RETURN ABOVE TOTAL CASH COSTS				\$65,491	\$385.24
RETURN ABOVE TOTAL COSTS				\$14,007	\$82.40

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$100.17	\$111.84
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$100.17	\$185.18

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 2015 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
MEDIUM 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
4,000	Acres of private land	\$80	3.9%	\$320,000	\$320,000			
200	AU Values ¹	\$2,400	3.9%	\$480,000	\$480,000			
Sub Totals				\$800,000				
Number	Buildings, Improvements	Price Per Unit						
10	Miles of pipeline	\$2,000	3.9%	\$20,000	\$2,000	25	100	\$1,218
3	Wells	\$11,000	3.9%	\$33,000	\$3,300	25	100	\$2,010
40	Miles of Fence	\$4,000	3.9%	\$160,000	\$16,000	25	100	\$9,745
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				\$238,000				\$14,355
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
0	3/4 ton pickup 4WD	\$45,000	4.0%	\$0	\$0	7	50	\$0
1	Tractor	\$7,000	4.0%	\$7,000	\$1,400	7	100	\$989
1	Gooseneck trailer	\$7,500	4.0%	\$7,500	\$1,500	7	100	\$1,060
1	Horse tack	\$4,000	4.0%	\$4,000	\$800	10	100	\$427
1	Misc. equipment	\$5,500	4.0%	\$5,500	\$1,100	10	100	\$586
Sub Total				\$66,000				\$6,029
Head	Purchased Livestock	Price Per Unit	Interest Rate⁴	Price	Salvage/Cull			
8	Horses	\$1,200	4.0%	\$9,600	\$3,648	10	100	\$880
9	Bulls	\$4,000	4.0%	\$34,000	\$12,920	4	100	\$6,324
40	Cows	\$2,500	4.0%	\$100,000	\$38,000	8	100	\$10,729
71	Total AUYS							
Sub Total				\$43,600				\$7,204
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>\$1,631,250</u>				<u>\$35,640</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.