

**NORTHEAST REGION
EX-LARGE STOCKER BUDGET 2016**

HERD SIZE 1500

DEATH LOSS PERCENT¹ 3%

VALUE OF PRODUCTION					VALUE PER HEAD	
	QUANTITY	WEIGHT	PRICE ²	VALUE		NEW VALUE
STEER CALVES	1455	650	\$2.07	\$1,957,703	\$1,305.14	_____

TOTAL	1455			\$1,957,703	\$1,305.14	_____

VARIABLE COSTS							VALUE PER HEAD	
	UNITS	QUANTITY/PERCENT	PRICE	COST		NEW VALUE		
1. FEED COSTS								
HAY	TON	0.00	\$155	\$0	\$0.00	_____		
STATE	AUY	0.0%	\$0.00	\$0	\$0.00	_____		
FEDERAL LEASE	AUY	0.0%	\$0.00	\$0	\$0.00	_____		
PRIVATE(Owned)	AUY	100.0%	\$35.00	\$210,000	\$140.00	_____		
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____		
SALT & MINERAL	TON	20.00	\$710	\$14,200	\$9.47	_____		
PROTEIN SUPP	TON	20.00	\$315	\$6,300	\$4.20	_____		
OTHER		0.00	\$0	\$0	\$0.00	_____		
TOTAL				\$230,500	\$153.67	_____		

2. OTHER VARIABLE COSTS								
VET AND MEDICINE				\$23,250	\$15.50	_____		
LIVESTOCK HAULING				\$6,548	\$4.37	_____		
HIRED LABOR				\$0	\$0.00	_____		
OPERATING COSTS-EQUIP & MACH				\$0	\$0.00	_____		
OPERATING COSTS-VEHICLE				\$0	\$0.00	_____		
RANCH MAINTENANCE				\$0	\$0.00	_____		
BEEF CHECKOFF				\$1,455	\$0.97	_____		
LIVESTOCK PURCHASES				\$1,290,000	\$860.00	_____		
TOTAL				\$1,321,253	\$880.84	_____		

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	VALUE PER HEAD			
				\$54,311	\$36.21	_____		
TOTAL				\$1,606,064	\$1,070.71	_____		
RETURN				\$351,639	\$234.43	_____		

OWNERSHIP COSTS							VALUE PER HEAD		NEW VALUE
Annual Capital Recovery ⁴ (At Replacement Value):				Represents 65% Asset Ownership ⁵					
CASH COSTS									
Taxes & Insurance				\$0	\$0.00	_____			
Overhead				\$0	\$0.00	_____			
Total				\$0	\$0.00	_____			
NON CASH COSTS									
Purchased Livestock				\$0	\$0.00	_____			
Machinery & Equipment				\$0	\$0.00	_____			
Housing & Improvements				\$0	\$0.00	_____			
Interest on Retained Livestock ⁶				\$0	\$0.00	_____			
Management & Operation Labor (6% of gross returns)				\$0	\$0.00	_____			
Total				\$0	\$0.00	_____			
TOTAL FIXED COSTS				\$0	\$0.00	_____			
TOTAL CASH AND VARIABLE COSTS				\$1,606,064	\$1,070.71	_____			
TOTAL COSTS				\$1,606,064	\$1,070.71	_____			
RETURN ABOVE TOTAL CASH COSTS				\$351,639	\$234.43	_____			
RETURN ABOVE TOTAL COSTS				\$351,639	\$234.43	_____			

BREAK-EVEN CALCULATIONS			
	VARIABLE COSTS	TOTAL COSTS	
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$10,981.63	\$10,981.63	
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$10,981.63	\$10,981.63	

1) Death loss indicates those calves which were turned out but were not accounted for when removed from the pasture

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.

**NORTHEAST REGION
YEARLING 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
90,000	Acres of private land	\$85	3.9%	\$7,650,000	\$7,650,000			
500	AU Values ¹	\$2,500	3.9%	\$1,250,000	\$1,250,000			
Sub Totals				\$8,900,000				
Number	Buildings, Improvements	Price Per Unit						
16	Miles of pipeline	\$2,000	3.9%	\$32,000	\$3,200	25	100	\$1,949
10	Wells	\$12,000	3.9%	\$120,000	\$12,000	25	100	\$7,308
95	Miles of Fence	\$4,000	3.9%	\$380,000	\$38,000	25	100	\$23,143
2	Corrals/Working Facilities	\$12,000	3.9%	\$24,000	\$2,400	30	100	\$1,328
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Sub Totals				\$574,000				\$34,724
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
3	3/4 ton pickup 4WD	\$30,000	4.0%	\$90,000	\$18,000	7	50	\$6,358
1	1 ton pickup 4WD	\$32,000	4.0%	\$32,000	\$6,400	7	50	\$2,261
1	Tractor	\$5,000	4.0%	\$5,000	\$1,000	7	100	\$706
3	Gooseneck trailer	\$6,500	4.0%	\$19,500	\$3,900	7	100	\$2,755
1	Horse tack	\$6,000	4.0%	\$6,000	\$1,200	10	100	\$640
1	Misc. equipment	\$7,000	4.0%	\$7,000	\$1,400	10	100	\$746
Sub Total				\$159,500				\$13,466
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
13	Horses	\$1,200	4.0%	\$15,600	\$5,928	10	100	\$1,430
Sub Total				\$15,600				\$1,430
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
1500	Stockers	\$980	4.0%	\$1,470,000	\$558,600			\$46,368
Total AUUs								
Sub Total				\$1,470,000	\$558,600			\$46,368
Total				<u>\$11,119,100</u>				<u>\$94,558</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.

2) For intermediate assets an interest rate of 7.00% was used.

3) A rate of 6.50 percent reflects a typical return on a low -risk investment (30 YR Treasury Bond)