

**SOUTHEAST REGION
EX-LARGE COW/CALF BUDGET 2016**

	BREED HERD SIZE CULL RATE	468 15%	COW to BULL	20	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	85% 70.125
VALUE OF PRODUCTION						
	<u>QUANTITY</u>	<u>WEIGHT</u>		<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u> <u>NEW VALUE</u>
STEER CALVES	199	510		\$2.15	\$217,861	\$466.01
HEIFER CALVES	129	485		\$2.08	\$129,694	\$277.42
CULL COWS	70	900		\$0.81	\$51,121	\$109.35
CULL BULLS	1	1200		\$0.92	\$1,104	\$2.36
FEE HUNTING	1				<u>\$6,000</u>	<u>\$12.83</u>
TOTAL	398				\$399,780	\$855.14
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	33.00		\$155	\$5,115	\$10.94
STATE	AUY	45.0%		\$38.04	\$8,003	\$17.12
FEDERAL LEASE	AUY	25.0%		\$20.88	\$9,761	\$20.88
PRIVATE(Owned)	AUY	30.0%		\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%		\$0.00	\$0	\$0.00
SALT & MINERAL	TON	17		\$710	\$12,115	\$25.92
PROTEIN SUPP	TON	47		\$315	\$14,726	\$31.50
TOTAL					\$49,721	\$106.35
2. OTHER VARIABLE COSTS					COST	
VET AND MEDICINE					\$5,976	\$12.78
LIVESTOCK HAULING					\$1,793	\$3.83
HIRED LABOR					\$28,000	\$59.89
OPERATING COSTS-EQUIP & MACH					\$7,000	\$14.97
OPERATING COSTS-VEHICLE					\$7,500	\$16.04
RANCH MAINTENANCE					\$7,000	\$14.97
BEEF CHECKOFF					\$327	\$0.70
LIVESTOCK PURCHASES					<u>\$15,000</u>	<u>\$32.09</u>
TOTAL					\$72,596	\$155.28
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
					\$4,281	\$9.16
TOTAL					\$126,597	\$270.80
TOTAL					\$273,183	\$584.35
OWNERSHIP COSTS						
	Annual Capital Recovery ⁴ (At Replacement Valve):				Represents 65% Asset Ownership ⁵ VALUE PER COW NEW VALUE	
CASH COSTS						
Taxes & Insurance					\$14,562	\$31.15
Overhead					\$5,000	\$10.70
Total					\$19,562	\$41.84
NON CASH COSTS						
Purchased Livestock					\$18,711	\$40.02
Machinery & Equipment					\$14,562	\$31.15
Housing & Improvements					\$35,754	\$76.48
Interest on Retained Livestock ⁶					\$41,953	\$89.74
Management & Operation Labor (6% of gross returns)					<u>\$23,987</u>	<u>\$51.31</u>
Total					\$134,967	\$288.70
TOTAL FIXED COSTS					\$154,529	\$330.54
TOTAL CASH AND VARIABLE COSTS					\$146,159	\$312.64
TOTAL COSTS					\$281,126	\$601.34
RETURN ABOVE TOTAL CASH COSTS					\$253,621	\$542.50
RETURN ABOVE TOTAL COSTS					\$118,653	\$253.80
BREAKEYEN CALCULATIONS						
	VARIABLE COSTS	TOTAL COSTS				
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$64.04	\$73.93				
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$64.04	\$142.20				

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.

**SOUTHEAST REGION
EXTRA-LARGE 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
10,000	Acres of private land	\$65	3.9%	\$650,000	\$650,000			
550	AU Values ¹	\$2,450	3.9%	\$1,347,500	\$1,347,500			
Sub Totals				\$1,997,500				
Number	Buildings, Improvements	Price Per Unit						
15	Miles of pipeline	\$2,000	3.9%	\$30,000	\$3,000	25	100	\$1,827
8	Wells	\$11,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
110	Miles of Fence	\$4,000	3.9%	\$440,000	\$44,000	25	100	\$26,798
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Sub Totals				\$590,000				\$35,754
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$42,000	4.0%	\$84,000	\$16,800	7	50	\$5,934
1	1 ton pickup 4WD	\$45,000	4.0%	\$45,000	\$9,000	7	50	\$3,179
1	Tractor	\$7,000	4.0%	\$7,000	\$1,400	7	100	\$989
3	Gooseneck trailer	\$7,000	4.0%	\$21,000	\$4,200	7	100	\$2,967
1	Horse tack	\$6,000	4.0%	\$6,000	\$1,200	10	100	\$640
1	Misc. equipment	\$8,000	4.0%	\$8,000	\$1,600	10	100	\$853
Sub Total				\$171,000				\$14,562
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
12	Horses	\$1,200	4.0%	\$14,400	\$5,472	10	100	\$1,320
23	Bulls	\$4,000	4.0%	\$93,500	\$35,530	4	100	\$17,391
110	Cows	\$2,500	4.0%	\$275,000	\$104,500	8	100	\$29,504
182	Total AUys							
Sub Total				\$107,900				\$18,711
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
467.5	Cows	\$2,500	4.0%	\$1,168,750	\$444,125			\$36,866
70	Replacement Heifers	\$2,300	4.0%	\$161,288	\$61,289			\$5,087
520	Total AUys							
Sub Total				\$1,330,038	\$505,414			\$41,953
Total				<u>\$4,196,438</u>				<u>\$92,269</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.