

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

		BREED HERD SIZE CULL RATE	64 15%	COW to BULL	15	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	85% 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>
<u>ANIMALS SOLD</u>							
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):					<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 ⁵				\$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						
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.