

**NORTHEAST REGION
LARGE COW/CALF BUDGET 2016**

BREED HERD SIZE 315 COW to BULL 20 CALF CROP PERCENT¹ 85%
CULL RATE 20% REPLACEMENT HEIFER'S KEPT 63

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	134	550	\$2.15	\$158,307	\$502.56	
HEIFER CALVES	71	515	\$2.08	\$75,921	\$241.02	
CULL COWS	63	1000	\$0.81	\$51,030	\$162.00	
CULL BULLS	1	1400	\$0.92	\$1,288	\$4.09	
FEE HUNTING	1			\$7,500	\$23.81	
TOTAL	269			\$294,046	\$933.48	

VARIABLE COSTS

1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
HAY	TON	16.00	\$155	\$2,480	\$7.87	
STATE	AUY	20.0%	\$38.04	\$2,397	\$7.61	
FEDERAL LEASE	AUY	40.0%	\$20.88	\$6,577	\$20.88	
PRIVATE(Owned)	AUY	40.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	
SALT & MINERAL	TON	11	\$710	\$8,163	\$25.92	
PROTEIN SUPP	TON	65	\$315	\$20,465	\$64.97	
TOTAL				\$40,082	\$127.24	

2. OTHER VARIABLE COSTS

	COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE	\$5,241	\$16.64	
LIVESTOCK HAULING	\$1,463	\$4.65	
HIRED LABOR	\$25,000	\$79.37	
OPERATING COSTS-EQUIP & MACH	\$4,500	\$14.29	
OPERATING COSTS-VEHICLE	\$7,000	\$22.22	
RANCH MAINTENANCE	\$13,000	\$41.27	
BEEF CHECKOFF	\$205	\$0.65	
PURCHASED LIVESTOCK	\$22,000	\$69.84	
TOTAL	\$78,409	\$248.92	

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

INTEREST COSTS	\$4,147	\$13.17
TOTAL VARIABLE COSTS	\$122,638	\$389.33
RETURN ABOVE VARIABLE COSTS	\$171,408	\$544.15

OWNERSHIP COSTS

	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership	VALUE PER COW	NEW VALUE
CASH COSTS		TOTAL		
Taxes & Insurance		\$9,598	\$30.47	
Overhead		\$2,163	\$6.87	
Total		\$11,761	\$37.34	
NON CASH COSTS				
Purchased Livestock		\$12,708	\$40.34	
Machinery & Equipment		\$9,598	\$30.47	
Housing & Improvements		\$26,021	\$82.61	
Interest on Retained Livestock ⁶		\$29,411	\$93.37	
Management & Operation Labor (6% of gross returns)		\$17,643	\$56.01	
TOTAL NON CASH COSTS		\$95,380	\$302.80	
TOTAL FIXED COSTS		\$107,142	\$340.13	
TOTAL CASH AND VARIABLE COSTS		\$134,399	\$426.66	
TOTAL COSTS		\$229,780	\$729.46	
RETURN ABOVE TOTAL CASH COSTS		\$159,647	\$506.82	
RETURN ABOVE TOTAL COSTS		\$64,267	\$204.02	

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$86.02	\$94.26
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$86.02	\$161.16

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.

**NORTHEAST REGION
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
12000	Acres of private land	\$85	3.9%	\$1,020,000	\$1,020,000			
350	AU Values ¹	\$2,500	3.9%	\$875,000	\$875,000			
Sub Totals				\$1,895,000				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
8	Wells	\$12,000	3.9%	\$96,000	\$9,600	25	100	\$5,847
70	Miles of Fence	\$4,000	3.9%	\$280,000	\$28,000	25	100	\$17,053
1	Corrals/Working Facilities	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Sub Totals				\$430,000				\$26,021
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
1	1ton pickup 4WD	\$45,000	4.0%	\$45,000	\$9,000	7	50	\$3,179
0	Tractor	\$7,000	4.0%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$7,500	4.0%	\$15,000	\$3,000	7	100	\$2,119
1	Horse tack	\$5,000	4.0%	\$5,000	\$1,000	10	100	\$533
1	Misc. equipment	\$7,500	4.0%	\$7,500	\$1,500	10	100	\$800
Sub Total				\$114,500				\$9,598
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
9	Horses	\$1,200	4.0%	\$10,800	\$4,104	10	100	\$990
16	Bulls	\$4,000	4.0%	\$63,000	\$23,940	4	100	\$11,718
70	Cows	\$2,500	4.0%	\$175,000	\$66,500	8	100	\$18,775
118	Total AUYS							
Sub Total				\$73,800				\$12,708
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
315	Cows	\$2,500	4.0%	\$787,500	\$299,250			\$24,840
63	Replacement Heifers	\$2,300	4.0%	\$144,900	\$55,062			\$4,571
362	Total AUYS							
Sub Total				\$932,400	\$354,312			\$29,411
Total				<u>\$3,445,700</u>				<u>\$65,030</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.