

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

BREED HERD SIZE 170 COW to BULL 20 CALF CROP PERCENT¹ 85%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 25.5

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	72	510	\$2.15	\$79,222	\$466.01	_____
HEIFER CALVES	47	485	\$2.08	\$47,161	\$277.42	_____
CULL COWS	25.5	900	\$0.81	\$18,590	\$109.35	_____
CULL BULLS	1	1200	\$0.92	\$1,104	\$6.49	_____
FEE HUNTING	1			\$1,500	\$8.82	_____
TOTAL	146			\$146,077	\$859.28	_____

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	14.00	\$155	\$2,170	\$12.76	_____
STATE	AUY	45.0%	\$38.04	\$2,910	\$17.12	_____
FEDERAL LEASE	AUY	25.0%	\$20.88	\$3,550	\$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	6	\$710	\$4,406	\$25.92	_____
PROTEIN SUPP	TON	21	\$315	\$6,694	\$39.38	_____
TOTAL				\$19,729	\$116.05	_____

2. OTHER VARIABLE COSTS

	<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
VET AND MEDICINE	\$2,183	\$12.84	_____
LIVESTOCK HAULING	\$655	\$3.85	_____
HIRED LABOR	\$8,000	\$47.06	_____
OPERATING COSTS-EQUIP & MACH	\$2,000	\$11.76	_____
OPERATING COSTS-VEHICLE	\$5,500	\$32.35	_____
RANCH MAINTENANCE	\$6,000	\$35.29	_____
BEEF CHECKOFF	\$119	\$0.70	_____
PURCHASED LIVESTOCK	\$9,000	\$52.94	_____
TOTAL	\$33,456	\$196.80	_____

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
		\$1,861	\$10.95
TOTAL		\$55,047	\$323.80
TOTAL		\$91,030	\$535.47

OWNERSHIP COSTS

	<u>Annual Capital Recovery⁴ (At Replacement Value):</u>	<u>Represents 65% Asset Ownership⁵</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
CASH COSTS				
Taxes & Insurance		\$4,880	\$28.70	_____
Overhead		\$3,500	\$20.59	_____
Total		\$8,380	\$49.29	_____
NON CASH COSTS				
Purchased Livestock		\$6,764	\$39.79	_____
Machinery & Equipment		\$4,880	\$28.70	_____
Housing & Improvements		\$9,865	\$58.03	_____
Interest on Retained Livestock ⁶		\$15,256	\$89.74	_____
Management & Operation Labor (6% of gross returns)		\$8,765	\$51.56	_____
Total		\$45,529	\$267.82	_____
TOTAL FIXED COSTS		\$53,909	\$317.11	_____
TOTAL CASH AND VARIABLE COSTS		\$63,426	\$373.10	_____
TOTAL COSTS		\$108,956	\$640.92	_____
RETURN ABOVE TOTAL CASH COSTS		\$82,651	\$486.18	_____
RETURN ABOVE TOTAL COSTS		\$37,121	\$218.36	_____

BREAKEVEN CALCULATIONS

	<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$76.57	\$88.23
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$76.57	\$151.56

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
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	\$65	3.9%	\$260,000	\$260,000			
200	AU Values ¹	\$2,450	3.9%	\$490,000	\$490,000			
Sub Totals				\$750,000				
Number	Buildings, Improvements	Price Per Unit						
5	Miles of pipeline	\$2,000	3.9%	\$10,000	\$1,000	25	100	\$609
4	Wells	\$11,000	3.9%	\$44,000	\$4,400	25	100	\$2,680
22	Miles of Fence	\$4,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Sub Totals				\$164,000				\$9,865
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	1 ton pickup 4WD	\$45,000	4.0%	\$0	\$0	7	50	\$0
0	Tractor	\$7,000	4.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$7,500	4.0%	\$7,500	\$1,500	7	100	\$1,060
1	Horse tack	\$3,000	4.0%	\$3,000	\$600	10	100	\$320
1	Misc. equipment	\$5,000	4.0%	\$5,000	\$1,000	10	100	\$533
Sub Total				\$57,500				\$4,880
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
4	Horses	\$1,200	4.0%	\$4,800	\$1,824	10	100	\$440
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
66	Total AUUs							
Sub Total				\$38,800				\$6,764
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 AUUs							
Sub Total				\$483,650	\$183,787			\$15,256
Total				<u>\$1,493,950</u>				<u>\$30,001</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.