

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

	BREED HERD SIZE	298	COW to BULL	15	CALF CROP PERCENT ¹	82%
	CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	44.625

VALUE OF PRODUCTION						VALUE PER COW
	QUANTITY	WEIGHT	PRICE ²	VALUE		
STEER CALVES	122	500	\$2.08	\$126,854	\$426.40	
HEIFER CALVES	77	475	\$2.01	\$73,850	\$248.24	
CULL COWS	45	1000	\$0.74	\$33,023	\$111.00	
CULL BULLS	3	1300	\$0.85	\$3,287	\$11.05	
	247					
TOTAL				\$237,014	\$796.69	

VARIABLE COSTS

						VALUE PER COW
1. FEED COSTS						
	UNITS	QUANTITY/PERCENT	PRICE	COST		
HAY	TON	22.00	\$155	\$3,410	\$11.46	
STATE	AUY	40.0%	\$38.04	\$4,527	\$15.22	
FEDERAL LEASE	AUY	40.0%	\$20.88	\$6,212	\$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	11	\$710	\$7,710	\$25.92	
PROTEIN SUPP	TON	30	\$315	\$9,371	\$31.50	
TOTAL				\$31,230	\$104.97	
2. OTHER VARIABLE COSTS						
				COST		
VET AND MEDICINE				\$3,704	\$12.45	
LIVESTOCK HAULING				\$1,111	\$3.74	
HIRED LABOR				\$18,000	\$60.50	
OPERATING COSTS-EQUIP & MACH				\$5,000	\$16.81	
OPERATING COSTS-VEHICLE				\$6,000	\$20.17	
RANCH MAINTENANCE				\$5,500	\$18.49	
BEEF CHECKOFF				\$199	\$0.67	
LIVESTOCK PURCHASES				\$9,000	\$30.25	
TOTAL				\$48,514	\$163.07	
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	
				\$2,791	\$9.38	
TOTAL				\$82,535	\$277.43	
				\$154,479	\$519.26	

OWNERSHIP COSTS

		Annual Capital Recovery ⁴ (At Replacement Valve):	Represents 65% Asset Ownership ⁵	VALUE PER COW
CASH COSTS				
Taxes & Insurance			\$15,805	\$53.13
Overhead			\$2,000	\$6.72
Total			\$17,805	\$59.85
NON CASH COSTS				
Purchased Livestock			\$13,287	\$44.66
Machinery & Equipment			\$15,805	\$53.13
Housing & Improvements			\$20,141	\$67.70
Interest on Retained Livestock ⁶			\$38,850	\$130.59
Management & Operation Labor (6% of gross returns)			\$14,221	\$47.80
Total			\$102,304	\$343.88
TOTAL FIXED COSTS			\$120,110	\$403.73
TOTAL CASH AND VARIABLE COSTS			\$100,340	\$337.28
TOTAL COSTS			\$202,645	\$681.16
RETURN ABOVE TOTAL CASH COSTS			\$136,673	\$459.41
RETURN ABOVE TOTAL COSTS			\$34,369	\$115.53

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$69.40	\$84.37
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$69.40	\$170.40

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
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
6,000	Acres of private land	\$75	3.9%	\$450,000	\$450,000			
298	AU Values ¹	\$2,400	3.9%	\$714,000	\$714,000			
Sub Totals				\$1,164,000				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$2,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
6	Wells	\$12,000	3.9%	\$72,000	\$7,200	25	100	\$4,385
100	Miles of Fence	\$2,000	3.9%	\$200,000	\$20,000	25	100	\$12,181
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				\$333,000				\$20,141
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$42,000	6.0%	\$84,000	\$16,800	7	50	\$6,523
1	1 ton pickup 4WD	\$45,000	6.0%	\$45,000	\$9,000	7	50	\$3,494
1	Tractor	\$5,000	6.0%	\$5,000	\$1,000	7	100	\$777
3	Gooseneck trailer	\$7,000	6.0%	\$21,000	\$4,200	7	100	\$3,261
1	Horse tack	\$8,000	6.0%	\$8,000	\$1,600	10	100	\$966
1	Misc. equipment	\$6,500	6.0%	\$6,500	\$1,300	10	100	\$785
Sub Total				\$169,500				\$15,805
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
8	Horses	\$1,500	6.0%	\$12,000	\$4,560	10	100	\$1,284
20	Bulls	\$3,000	6.0%	\$59,500	\$22,610	4	100	\$12,003
34	Cows	\$2,400	6.0%	\$81,600	\$31,008	8	100	\$10,008
77	Total AUYS							\$13,287
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
297.5	Cows	\$2,400	6.0%	\$714,000	\$271,320			\$33,782
45	Replacement Heifers	\$2,400	6.0%	\$107,100	\$40,698			\$5,067
331	Total AUYS							\$38,850
Sub Total				\$821,100	\$312,018			\$38,850
Total				<u>\$2,559,100</u>				<u>\$74,796</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.