

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

BREED HERD SIZE 170 COW to BULL 20 CALF CROP PERCENT¹ 83%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 25.5

VALUE OF PRODUCTION				VALUE PER COW	
	QUANTITY	WEIGHT	PRICE ²	VALUE	NEW VALUE
STEER CALVES	71	510	\$2.12	\$76,279	\$448.70
HEIFER CALVES	45	485	\$2.06	\$45,009	\$264.76
CULL COWS	26	900	\$0.79	\$18,131	\$106.65
CULL BULLS	1	1200	\$0.90	\$1,080	\$6.35
FEE HUNTING	1			\$3,500	\$20.59
	142				
TOTAL				\$143,999	\$847.05

VARIABLE COSTS				VALUE PER COW	
	UNITS	QUANTITY/PERCENT	PRICE	COST	NEW VALUE
1. FEED COSTS					
HAY	TON	34.00	\$155.00	\$5,270	\$31.00
STATE	AUY	45.0%	\$38.04	\$2,910	\$17.12
FEDERAL LEASE	AUY	35.0%	\$20.88	\$3,550	\$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	6	\$710.00	\$4,406	\$25.92
PROTEIN SUPP	TON	24	\$315.00	\$7,497	\$44.10
TOTAL				\$23,632	\$139.01
2. OTHER VARIABLE COSTS					
				COST	
VET AND MEDICINE				\$2,550	\$15.00
LIVESTOCK HAULING				\$639	\$3.76
HIRED LABOR				\$11,000	\$64.71
OPERATING COSTS-EQUIP & MACH				\$4,000	\$23.53
OPERATING COSTS-VEHICLE				\$5,000	\$29.41
RANCH MAINTENANCE				\$6,000	\$35.29
BEEF CHECKOFF				\$116	\$0.68
OTHER				\$16,000	\$94.12
TOTAL				\$45,305	\$266.50
3. INTEREST ON VARIABLE COSTS					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				4.00%	
NUMBER OF MONTHS BORROWED				6	
					VALUE PER COW
					HIGH
				\$1,379	\$8.11
TOTAL				\$70,316	\$413.62
				\$73,683	\$433.43

OWNERSHIP COSTS		Annual Capital Recovery ⁴ (At Replacement Value):		Represents 65% Asset Ownership ⁵ VALUE PER COW NEW VALUE	
CASH COSTS					
Taxes & Insurance				\$6,029	\$35.46
Overhead				\$2,163	\$12.72
Total				\$8,192	\$48.19
NON CASH COSTS					
Purchased Livestock				\$7,204	\$42.38
Machinery & Equipment				\$6,029	\$35.46
Housing & Improvements				\$14,355	\$84.44
Interest on Retained Livestock ⁶				\$15,256	\$89.74
Management & Operation Labor (6% of gross returns)				\$8,640	\$50.82
Total				\$51,484	\$302.84
TOTAL FIXED COSTS				\$59,675	\$351.03
TOTAL CASH AND VARIABLE COSTS				\$78,508	\$461.81
TOTAL COSTS				\$129,991	\$764.65
RETURN ABOVE TOTAL CASH COSTS				\$65,491	\$385.24
RETURN ABOVE TOTAL COSTS				\$14,007	\$82.40

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$100.17	\$111.84
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$100.17	\$185.18

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 2015 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.

**NORTHWEST 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	\$80	3.9%	\$320,000	\$320,000			
200	AU Values ¹	\$2,400	3.9%	\$480,000	\$480,000			
Sub Totals				\$800,000				
Number	Buildings, Improvements	Price Per Unit						
10	Miles of pipeline	\$2,000	3.9%	\$20,000	\$2,000	25	100	\$1,218
3	Wells	\$11,000	3.9%	\$33,000	\$3,300	25	100	\$2,010
40	Miles of Fence	\$4,000	3.9%	\$160,000	\$16,000	25	100	\$9,745
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				\$238,000				\$14,355
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	3/4 ton pickup 4WD	\$45,000	4.0%	\$0	\$0	7	50	\$0
1	Tractor	\$7,000	4.0%	\$7,000	\$1,400	7	100	\$989
1	Gooseneck trailer	\$7,500	4.0%	\$7,500	\$1,500	7	100	\$1,060
1	Horse tack	\$4,000	4.0%	\$4,000	\$800	10	100	\$427
1	Misc. equipment	\$5,500	4.0%	\$5,500	\$1,100	10	100	\$586
Sub Total				\$66,000				\$6,029
Head	Purchased Livestock	Price Per Unit	Interest Rate⁴	Price	Salvage/Cull			
8	Horses	\$1,200	4.0%	\$9,600	\$3,648	10	100	\$880
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
71	Total AUUs							
Sub Total				\$43,600				\$7,204
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>\$1,631,250</u>				<u>\$35,640</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.