

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

BREED HERD SIZE 40 COW to BULL 20 CALF CROP PERCENT¹ 83%
 CULL RATE 15% REPLACEMENT HEIFER'S KEPT 6

VALUE OF PRODUCTION					VALUE PER COW	
	QUANTITY	WEIGHT	PRICE ²	VALUE	NEW VALUE	NEW VALUE
STEER CALVES	17	515	\$2.10	\$17,953	\$448.82	_____
HEIFER CALVES	11	495	\$2.03	\$10,651	\$266.29	_____
CULL COWS	6	900	\$0.76	\$4,104	\$102.60	_____
CULL BULLS	1	1200	\$0.87	\$1,044	\$26.10	_____
TOTAL	34			\$33,752	\$843.81	_____

VARIABLE COSTS					VALUE PER COW	
	UNITS	QUANTITY/PERCENT	PRICE	COST	NEW VALUE	NEW VALUE
1. FEED COSTS						
HAY	TON	5.00	\$155	\$775	\$19.38	_____
STATE	AUY	0.0%	\$38.04	\$0	\$0.00	_____
FEDERAL LEASE	AUY	50.0%	\$20.88	\$835	\$20.88	_____
PRIVATE(Owned)	AUY	50.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
SALT & MINERAL	TON	3.00	\$710	\$2,130	\$53.25	_____
PROTEIN SUPP	TON	6.00	\$325	\$1,950	\$48.75	_____
OTHER		0.00	\$0	\$0	\$0.00	_____
TOTAL				\$5,690	\$142.26	_____

2. OTHER VARIABLE COSTS					COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE				\$671	\$16.78	_____	
LIVESTOCK HAULING				\$186	\$4.66	_____	
HIRED LABOR				\$1,700	\$42.50	_____	
OPERATING COSTS-EQUIP & MACH				\$766	\$19.15	_____	
OPERATING COSTS-VEHICLE				\$2,500	\$62.50	_____	
RANCH MAINTENANCE				\$3,500	\$87.50	_____	
BEEF CHECKOFF				\$27	\$0.68	_____	
PURCHASED LIVESTOCK				\$6,000	\$150.00	_____	
TOTAL				\$15,350	\$383.76	_____	

3. INTEREST ON VARIABLE COSTS					VALUE PER COW	NEW VALUE
SUM OF VARIABLE COSTS X MONTHS BORROWED						
X INTEREST RATE PER MONTH						
ANNUAL INTEREST RATE				7.00%		
NUMBER OF MONTHS BORROWED				6		
				\$736	\$18.41	_____
TOTAL				\$21,777	\$544.42	_____
TOTAL				\$11,975	\$299.38	_____

OWNERSHIP COSTS					VALUE PER COW	NEW VALUE
Annual Capital Recovery ⁴ (At Replacement Value):			Represents 65% Asset Ownership ⁵			
CASH COSTS						
Taxes & Insurance				\$4,189	\$104.73	_____
Overhead				\$2,500	\$62.50	_____
				\$6,689	\$167.23	_____
NON CASH COSTS						
Purchased Livestock				\$1,971	\$49.29	_____
Machinery & Equipment				\$4,189	\$104.73	_____
Housing & Improvements				\$3,205	\$80.12	_____
Interest on Retained Livestock ⁶				\$2,243	\$56.09	_____
Management & Operation Labor (6% of gross returns)				\$11,975	\$299.38	_____
				\$23,585	\$589.61	_____
TOTAL FIXED COSTS				\$30,274	\$756.85	_____
TOTAL CASH AND VARIABLE COSTS				\$28,466	\$711.66	_____
TOTAL COSTS				\$52,051	\$1,301.27	_____
RETURN ABOVE TOTAL CASH COSTS				\$5,286	\$132.15	_____

BREAKEVEN CALCULATIONS			
	VARIABLE COSTS	TOTAL COSTS	
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$129.89	\$169.79	
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$129.89	\$310.45	

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.

**CENTRAL MOUNTAIN REGION
SMALL 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
100	Acres of private land	\$900	3.9%	\$90,000	\$90,000			
34	AU Values ¹	\$3,000	3.9%	\$101,250	\$101,250			
Sub Totals				\$191,250				
Number	Buildings, Improvements	Price Per Unit						
0.5	Miles of pipeline	\$2,000	3.9%	\$1,000	\$100	25	100	\$61
1	Wells	\$13,000	3.9%	\$13,000	\$1,300	25	100	\$792
10	Miles of Fence	\$2,500	3.9%	\$25,000	\$2,500	25	100	\$1,523
1	Corrals/Working Facilities	\$5,000	3.9%	\$5,000	\$500	30	100	\$277
1	Barns & Shop	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
Sub Totals				\$54,000				\$3,205
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$40,000	4.0%	\$40,000	\$8,000	7	50	\$2,826
0	3/4 ton pickup 4WD	\$42,000	4.0%	\$0	\$0	7	50	\$0
0	Tractor	\$7,000	4.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$5,500	4.0%	\$5,500	\$1,100	7	100	\$777
1	Horse tack	\$3,500	4.0%	\$3,500	\$700	10	100	\$373
1	Misc. equipment	\$2,000	4.0%	\$2,000	\$400	10	100	\$213
Sub Total				\$51,000				\$4,189
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
3	Horses	\$1,200	4.0%	\$3,600	\$1,368	10	100	\$330
1	Bulls	\$4,000	4.0%	\$5,000	\$1,900	4	100	\$930
5	Total AUUs							
Sub Total				\$8,600				\$1,260
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
25	Cows	\$2,500	4.0%	\$62,500	\$23,750			\$1,971
4	Replacement Heifers	\$2,300	4.0%	\$8,625	\$3,278			\$272
28	Total AUUs							
Sub Total				\$71,125	\$27,028			\$2,243
Total				<u>\$375,975</u>				<u>\$9,638</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.