

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

BREED HERD SIZE	64	COW to BULL	15	CALF CROP PERCENT <sup>1</sup>	85%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	9.6

**VALUE OF PRODUCTION**

ANIMALS SOLD	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	27	500	\$2.08	\$28,288	\$442.00	
HEIFER CALVES	18	475	\$2.01	\$16,804	\$262.56	
CULL COWS	10	900	\$0.74	\$6,394	\$99.90	
CULL BULLS	1	1200	\$0.85	\$1,020	\$15.94	
<b>TOTAL</b>	<b>55</b>			<b>\$52,505</b>	<b>\$820.39</b>	

**VARIABLE COSTS**

		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
<b>1. FEED COSTS</b>							
	HAY	TON	7.00	\$155	\$1,085	\$16.95	
	STATE	AUY	25.0%	\$38.04	\$609	\$9.51	
	FEDERAL LEASE	AUY	65.0%	\$20.88	\$1,336	\$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	2	\$710	\$1,659	\$25.92	
	PROTEIN SUPP	TON	6	\$315	\$2,016	\$31.50	
	<b>TOTAL</b>				<b>\$6,705</b>	<b>\$104.76</b>	
<b>2. OTHER VARIABLE COSTS</b>							
	VET AND MEDICINE				\$831	\$12.98	
	LIVESTOCK HAULING				\$249	\$3.90	
	HIRED LABOR				\$1,000	\$15.63	
	OPERATING COSTS-EQUIP & MACH				\$1,500	\$23.44	
	OPERATING COSTS-VEHICLE				\$2,500	\$39.06	
	RANCH MAINTENANCE				\$1,500	\$23.44	
	BEEF CHECKOFF				\$45	\$0.70	
	OTHER				\$4,000	\$62.50	
	<b>TOTAL</b>				<b>\$11,625</b>	<b>\$181.64</b>	
<b>3. INTEREST ON VARIABLE COSTS</b>							
	SUM OF VARIABLE COSTS X MONTHS BORROWED						
	X INTEREST RATE PER MONTH						
	ANNUAL INTEREST RATE				7.0%		
	NUMBER OF MONTHS BORROWED				6	VALUE PER COW	
					\$642	\$10.02	
	<b>TOTAL</b>				<b>\$18,971</b>	<b>\$296.42</b>	
	<b>TOTAL</b>				<b>\$33,534</b>	<b>\$523.97</b>	

**OWNERSHIP COSTS**

		Annual Capital Recovery <sup>4</sup> (At Replacement Value):	Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW	NEW VALUE
<b>CASH COSTS</b>					
	Taxes & Insurance			\$4,756	\$74.31
	Overhead			\$1,000	\$15.63
	<b>Total</b>			<b>\$5,756</b>	<b>\$89.93</b>
<b>NON CASH COSTS</b>					
	Purchased Livestock			\$3,614	\$56.47
	Machinery & Equipment			\$4,756	\$74.31
	Housing & Improvements			\$9,544	\$149.12
	Interest on Retained Livestock <sup>6</sup>			\$5,743	\$89.74
	Management & Operation Labor ( 6% of gross returns)			\$3,150	\$49.22
	<b>Total</b>			<b>\$26,808</b>	<b>\$418.87</b>
<b>TOTAL FIXED COSTS</b>				<b>\$32,564</b>	<b>\$508.81</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$24,727</b>	<b>\$386.36</b>
<b>TOTAL COSTS</b>				<b>\$51,535</b>	<b>\$805.23</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$27,778</b>	<b>\$434.04</b>
<b>RETURN ABOVE TOTAL COSTS</b>				<b>\$970</b>	<b>\$15.16</b>

**BREAKEVEN CALCULATIONS**

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$71.54	\$93.24
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$71.54	\$194.32

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  
SMALL RANCH INVESTMENTS**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return<sup>1</sup></b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
1,500	Acres of private land	\$75	3.9%	\$112,500	\$112,500			
64	AU Values	\$2,400	3.9%	\$153,600	\$153,600			
<b>Sub Totals</b>				\$266,100				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
5	Miles of pipeline	\$2,000	3.9%	\$10,000	\$1,000	25	100	\$609
2	Wells	\$12,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
25	Miles of Fence	\$4,000	3.9%	\$100,000	\$10,000	25	100	\$6,090
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
<b>Sub Totals</b>				\$159,000				\$9,544
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>2</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
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
0	Dozer/Tractor	\$7,000	4.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$7,000	4.0%	\$7,000	\$1,400	7	100	\$989
1	Horse tack	\$4,000	4.0%	\$4,000	\$800	10	100	\$427
1	Misc. equipment	\$3,500	4.0%	\$3,500	\$700	10	100	\$373
<b>Sub Total</b>				\$56,500				\$4,756
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
4	Horses	\$1,200	4.0%	\$4,800	\$1,824	10	100	\$440
4	Bulls	\$4,000	4.0%	\$17,067	\$6,485	4	100	\$3,174
12	Cows	\$2,500	4.0%	\$30,000	\$11,400	8	100	\$3,219
<b>25</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$21,867				\$3,614
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>		<b>Interest on Investment</b>	
64	Cows	\$2,500	4.0%	\$160,000	\$60,800			\$5,047
10	Replacement Heifers	\$2,300	4.0%	\$22,080	\$8,390			\$696
<b>71</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$182,080	\$69,190			\$5,743
<b>Total</b>				<u>\$685,547</u>				<u>\$20,043</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.