

**NORTHWEST REGION
EX-LARGE COW/CALF BUDGET 2016**

BREED HERD SIZE 450 COW TO BULL 20 CALF CROP PERCENT¹ 83%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 67.5

VALUE OF PRODUCTION						
	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	
						NEW VALUE
STEER CALVES	187	525	\$2.12	\$207,853	\$461.90	_____
HEIFER CALVES	119	500	\$2.06	\$122,828	\$272.95	_____
CULL COWS	68	950	\$0.79	\$50,659	\$112.58	_____
CULL BULLS	1	1200	\$0.90	\$1,080	\$2.40	_____
FEE HUNTING	1			\$12,500	\$27.78	_____
TOTAL	375			\$394,919	\$877.60	_____

VARIABLE COSTS						
1. FEED COSTS						
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	
						NEW VALUE
HAY	TON	20.00	\$155	\$3,100	\$6.89	_____
STATE	AUY	45.0%	\$43.32	\$8,772	\$19.49	_____
FEDERAL LEASE	AUY	35.0%	\$20.88	\$3,289	\$7.31	_____
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
SALT & MINERAL	TON	16	\$710	\$11,662	\$25.92	_____
PROTEIN SUPP	TON	63	\$315	\$19,845	\$44.10	_____
TOTAL				\$46,668	\$103.71	_____

2. OTHER VARIABLE COSTS						
				COST	VALUE PER COW	
						NEW VALUE
VET AND MEDICINE				\$6,750	\$15.00	_____
LIVESTOCK HAULING				\$1,685	\$3.75	_____
HIRED LABOR				\$28,000	\$62.22	_____
OPERATING COSTS-EQUIP & MACH				\$4,500	\$10.00	_____
OPERATING COSTS-VEHICLE				\$6,000	\$13.33	_____
RANCH MAINTENANCE				\$12,000	\$26.67	_____
BEEF CHECKOFF				\$306	\$0.68	_____
OTHER				\$20,000	\$44.44	_____
TOTAL				\$79,241	\$176.09	_____

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	
				\$4,407	\$9.79	_____
TOTAL				\$130,316	\$289.59	_____

OWNERSHIP COSTS						
Annual Capital Recovery ⁴ (At Replacement Valve):				Represents 65% Asset Ownership ⁵ VALUE PER COW NEW VALUE		

CASH COSTS						
Taxes & Insurance				\$14,827	\$32.95	_____
Overhead				\$3,500	\$7.78	_____
Total				\$18,327	\$40.73	_____

NON CASH COSTS						
Purchased Livestock				\$18,170	\$40.38	_____
Machinery & Equipment				\$14,827	\$32.95	_____
Housing & Improvements				\$33,180	\$73.73	_____
Interest on Retained Livestock ⁶				\$40,383	\$89.74	_____
Management & Operation Labor (6% of gross returns)				\$23,695	\$52.66	_____
Total				\$130,255	\$289.45	_____

TOTAL FIXED COSTS				\$148,582	\$330.18	_____
TOTAL CASH AND VARIABLE COSTS				\$148,643	\$330.32	_____
TOTAL COSTS				\$278,898	\$619.77	_____
RETURN ABOVE TOTAL CASH COSTS				\$246,276	\$547.28	_____
RETURN ABOVE TOTAL COSTS				\$116,021	\$257.83	_____

BREAKEVEN CALCULATIONS			
	VARIABLE COSTS	TOTAL COSTS	
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$68.08	\$77.65	
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$68.08	\$145.70	

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.

**NORTHWEST MOUNTAIN REGION
EXTRA-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
8,000	Acres of private land	\$80	3.9%	\$640,000	\$640,000			
500	AU Values ¹	\$2,400	3.9%	\$1,200,000	\$1,200,000			
Sub Totals				\$1,840,000				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$2,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
7	Wells	\$11,000	3.9%	\$77,000	\$7,700	25	100	\$4,690
100	Miles of Fence	\$4,000	3.9%	\$400,000	\$40,000	25	100	\$24,361
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
Sub Totals				\$548,000				\$33,180
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$42,000	4.0%	\$84,000	\$16,800	7	50	\$5,934
1	1 ton pickup 4WD	\$45,000	4.0%	\$45,000	\$9,000	7	50	\$3,179
1	Tractor	\$7,000	4.0%	\$7,000	\$1,400	7	100	\$989
3	Gooseneck trailer	\$7,500	4.0%	\$22,500	\$4,500	7	100	\$3,179
1	Horse tack	\$6,500	4.0%	\$6,500	\$1,300	10	100	\$693
1	Misc. equipment	\$8,000	4.0%	\$8,000	\$1,600	10	100	\$853
Sub Total				\$173,000				\$14,827
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
13	Horses	\$1,200	4.0%	\$15,600	\$5,928	10	100	\$1,430
23	Bulls	\$4,000	4.0%	\$90,000	\$34,200	4	100	\$16,740
100	Cows	\$2,500	4.0%	\$250,000	\$95,000	8	100	\$26,822
169	Total AUUs							
Sub Total				\$105,600				\$18,170
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
450	Cows	\$2,500	4.0%	\$1,125,000	\$427,500			\$35,486
68	Replacement Heifers	\$2,300	4.0%	\$155,250	\$58,995			\$4,897
501	Total AUUs							
Sub Total				\$1,280,250	\$486,495			\$40,383
Total				<u>\$3,946,850</u>				<u>\$88,390</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.