

**CENTRAL REGION
SMALL COW/CALF BUDGET**

BREED HERD SIZE 25 COW to BULL 20 CALF CROP PERCENT¹ 80%
 CULL RATE 15% REPLACEMENT HEIFER'S KEPT 3.75

VALUE OF PRODUCTION					VALUE PER COW	
	QUANTITY	WEIGHT	PRICE ²	VALUE		NEW VALUE
STEER CALVES	10	515	\$1.10	\$5,665	\$226.60	
HEIFER CALVES	6	495	\$1.05	\$3,248	\$129.94	
CULL COWS	4	900	\$0.48	\$1,620	\$64.80	
CULL BULLS	1	1200	\$0.59	\$708	\$28.32	
TOTAL	21			\$11,241	\$449.66	

VARIABLE COSTS					VALUE PER COW	
1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST		NEW VALUE
HAY	TON	7.00	\$140	\$980	\$39.20	
STATE	AUY	0.0%	\$25.08	\$0	\$0.00	
FEDERAL LEASE	AUY	50.0%	\$16.20	\$405	\$16.20	
PRIVATE(Owned)	AUY	50.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$96.00	\$2,400	\$96.00	
SALT & MINERAL	TON	2.00	\$230	\$460	\$18.40	
PROTEIN SUPP	TON	3.00	\$250	\$750	\$30.00	
OTHER		0.00	\$0	\$0	\$0.00	
TOTAL				\$4,995	\$199.80	

2. OTHER VARIABLE COSTS					VALUE PER COW	
				COST		NEW VALUE
VET AND MEDICINE				\$300	\$12.00	
LIVESTOCK HAULING				\$105	\$4.20	
HIRED LABOR				\$0	\$0.00	
OPERATING COSTS-EQUIP & MACH				\$500	\$20.00	
OPERATING COSTS-VEHICLE				\$1,000	\$40.00	
RANCH MAINTENANCE				\$1,000	\$40.00	
BEEF CHECKOFF				\$16	\$0.65	
OTHER				\$800	\$32.00	
TOTAL				\$3,721	\$148.85	

3. INTEREST ON VARIABLE COSTS					VALUE PER COW	
SUM OF VARIABLE COSTS X MONTHS BORROWED	X INTEREST RATE PER MONTH	ANNUAL INTEREST RATE	NUMBER OF MONTHS BORROWED			
		6.5%	6	\$283	\$11.33	
TOTAL				\$9,000	\$359.98	
TOTAL				\$2,242	\$89.68	

OWNERSHIP COSTS					VALUE PER COW NEW VALUE	
CASH COSTS	Annual Capital Recovery ⁴ (At Replacement Valve):	Represents 65% Asset Ownership ⁵				
Taxes & Insurance			\$3,560	\$142.42		
Overhead			\$2,100	\$84.00		
			\$5,660	\$226.42		
NON CASH COSTS						
Purchased Livestock			\$1,013	\$40.54		
Machinery & Equipment			\$3,560	\$142.42		
Housing & Improvements			\$3,205	\$128.20		
Interest on Retained Livestock ⁶			\$1,602	\$64.07		
Management & Operation Labor (6% of gross returns)			\$135	\$5.38		
			\$9,515	\$380.61		
TOTAL FIXED COSTS			\$15,176	\$607.02		
TOTAL CASH AND VARIABLE COSTS			\$14,660	\$586.40		
TOTAL COSTS			\$24,175	\$967.00		
RETURN ABOVE TOTAL CASH COSTS			(\$3,419)	(\$136.74)		
RETURN ABOVE TOTAL COSTS			(\$12,934)	(\$517.35)		

BREAKEYEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$89.10	\$145.15
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$89.10	\$239.36

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 2004 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 Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$28,000	6.5%	\$28,000	\$5,600	7	50	\$2,224
0	3/4 ton pickup 4WD	\$30,000	6.5%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	6.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$4,500	6.5%	\$4,500	\$900	7	100	\$715
1	Horse tack	\$3,500	6.5%	\$3,500	\$700	10	100	\$435
1	Misc. equipment	\$1,500	6.5%	\$1,500	\$300	10	100	\$186
Sub Total				\$37,500				\$3,560
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
3	Horses	\$1,500	6.5%	\$4,500	\$1,710	10	100	\$499
1	Bulls	\$2,000	6.5%	\$2,500	\$950	4	100	\$514
5	Total AUYS							
Sub Total				\$7,000				\$1,013
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
25	Cows	\$1,100	6.5%	\$27,500	\$10,450			\$1,410
4	Replacement Heifers	\$1,000	6.5%	\$3,750	\$1,425			\$192
28	Total AUYS							
Sub Total				\$31,250	\$11,875			\$1,602
Total				<u>\$321,000</u>				<u>\$8,367</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.

2) For intermediate assets an interest rate of 6.50% was used.

3) A rate of 6.50 percent reflects a typical return on a low -risk investment (30 YR Treasury Bond)