

**NORTHEAST REGION
LARGE COW/CALF BUDGET**

BREED HERD SIZE **140** COW to BULL **20** CALF CROP PERCENT¹ **84%**
 CULL RATE **15%** REPLACEMENT HEIFER'S KEPT **21**

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	59	550	\$1.10	\$35,574	\$254.10	_____
HEIFER CALVES	38	515	\$1.05	\$20,440	\$146.00	_____
CULL COWS	<u>37</u>	<u>1000</u>	<u>\$0.48</u>	<u>\$17,760</u>	\$126.86	_____
CULL BULLS	1	1400	\$0.59	\$826	\$5.90	_____
TOTAL	135			\$74,600	\$532.86	_____

VARIABLE COSTS

		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
1. FEED COSTS							
	HAY	TON	16.00	\$140	\$2,240	\$16.00	_____
	STATE	AUY	20.0%	\$25.08	\$0	\$0.00	_____
	FEDERAL LEASE	AUY	40.0%	\$16.20	\$2,268	\$16.20	_____
	PRIVATE(Owned)	AUY	40.0%	\$0.00	\$0	\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$96.00	\$13,440	\$96.00	_____
	SALT & MINERAL	TON	4.00	\$230	\$920	\$6.57	_____
	PROTEIN SUPP	TON	17.00	\$250	\$4,250	\$30.36	_____
	OTHER		0.00	\$0	\$0	\$0.00	_____
	TOTAL				\$23,118	\$165.13	_____

2. OTHER VARIABLE COSTS

		COST	VALUE PER COW	NEW VALUE
	VET AND MEDICINE	\$1,680	\$12.00	_____
	LIVESTOCK HAULING	\$673	\$4.81	_____
	HIRED LABOR	\$0	\$0.00	_____
	OPERATING COSTS-EQUIP & MACH	\$2,000	\$14.29	_____
	OPERATING COSTS-VEHICLE	\$2,500	\$17.86	_____
	RANCH MAINTENANCE	\$2,200	\$15.71	_____
	BEEF CHECKOFF	\$97	\$0.69	_____
	OTHER	\$3,000	\$21.43	_____
	TOTAL	\$12,150	\$86.78	_____

3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED				
X INTEREST RATE PER MONTH				
ANNUAL INTEREST RATE		7.5%		
NUMBER OF MONTHS BORROWED		6	VALUE PER COW	

INTEREST COSTS	\$1,323	\$9.45	_____
TOTAL VARIABLE COSTS	\$36,590	\$261.36	_____
RETURN ABOVE VARIABLE COSTS	\$38,010	\$271.50	_____

OWNERSHIP COSTS

		Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership	VALUE PER COW	NEW VALUE
CASH COSTS			TOTAL		
	Taxes & Insurance		\$7,801	\$55.72	_____
	Overhead		\$2,100	\$15.00	_____
			<u>\$9,901</u>	\$70.72	_____
NON CASH COSTS					
	Purchased Livestock		\$4,377	\$31.27	_____
	Machinery & Equipment		\$7,801	\$55.72	_____
	Housing & Improvements		\$19,626	\$140.19	_____
	Interest on Retained Livestock ⁶		\$8,970	\$64.07	_____
	Management & Operation Labor (6% of gross returns)		\$2,281	\$16.29	_____
	TOTAL NON CASH COSTS		\$43,055	\$307.54	_____
	TOTAL FIXED COSTS		\$52,956	\$378.26	_____
	TOTAL CASH AND VARIABLE COSTS		\$46,491	\$332.08	_____
	TOTAL COSTS		\$89,546	\$639.62	_____
	RETURN ABOVE TOTAL CASH COSTS		\$28,109	\$200.78	_____
	RETURN ABOVE TOTAL COSTS		(\$14,946)	(\$106.76)	_____

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$58.43	\$74.24
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$58.43	\$143.00

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.

**NORTHEAST REGION
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
12000	Acres of private land	\$85	3.9%	\$1,020,000	\$1,020,000			
350	AU Values ¹	\$2,500	3.9%	\$875,000	\$875,000			
Sub Totals				\$1,895,000				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
8	Wells	\$12,000	3.9%	\$96,000	\$9,600	25	100	\$5,847
70	Miles of Fence	\$2,500	3.9%	\$175,000	\$17,500	25	100	\$10,658
1	Corrals/Working Facilities	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Sub Totals				\$325,000				\$19,626
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
1	1ton pickup 4WD	\$35,000	6.5%	\$35,000	\$7,000	7	50	\$2,780
0	Tractor	\$5,000	6.5%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$4,500	6.5%	\$9,000	\$1,800	7	100	\$1,430
1	Horse tack	\$5,000	6.5%	\$5,000	\$1,000	10	100	\$621
1	Misc. equipment	\$6,000	6.5%	\$6,000	\$1,200	10	100	\$746
Sub Total				\$83,000				\$7,801
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
9	Horses	\$1,500	6.5%	\$13,500	\$5,130	10	100	\$1,498
7	Bulls	\$2,000	6.5%	\$14,000	\$5,320	4	100	\$2,880
20	Total AUYS							
Sub Total				\$27,500				\$4,377
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
140	Cows	\$1,100	6.5%	\$154,000	\$58,520			\$7,894
21	Replacement Heifers	\$1,000	6.5%	\$21,000	\$7,980			\$1,076
156	Total AUYS							
Sub Total				\$175,000	\$66,500			\$8,970
Total				<u>\$2,505,500</u>				<u>\$36,397</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)