

**NORTHEAST REGION
EX-LARGE COW/CALF BUDGET**

BREED HERD SIZE 220 COW to BULL 20 CALF CROP PERCENT¹ 84%
 CULL RATE 15% REPLACEMENT HEIFER'S KEPT 33

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	92	550	\$1.10	\$55,902	\$254.10	_____
HEIFER CALVES	59	515	\$1.05	\$32,121	\$146.00	_____
CULL COWS	37	1000	\$0.48	\$17,760	\$80.73	_____
CULL BULLS	1	1200	\$0.59	\$708	\$3.22	_____
TOTAL	190			\$106,491	\$484.05	

VARIABLE COSTS

1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
HAY	TON	44.00	\$140	\$6,160	\$28.00	_____
STATE	AUY	30.0%	\$25.08	\$0	\$0.00	_____
FEDERAL LEASE	AUY	7.0%	\$16.20	\$3,564	\$16.20	_____
PRIVATE(Owned)	AUY	55.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AUY	0.0%	\$96.00	\$21,120	\$96.00	_____
SALT & MINERAL	TON	7.00	\$230	\$1,610	\$7.32	_____
PROTEIN SUPP	TON	27.00	\$250	\$6,750	\$30.68	_____
OTHER		0.00	\$0	\$0	\$0.00	_____
TOTAL				\$39,204	\$178.20	

2. OTHER VARIABLE COSTS

	COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE	\$2,640	\$12.00	_____
LIVESTOCK HAULING	\$949	\$4.31	_____
HIRED LABOR	\$0	\$0.00	_____
OPERATING COSTS-EQUIP & MACH	\$3,000	\$13.64	_____
OPERATING COSTS-VEHICLE	\$3,000	\$13.64	_____
RANCH MAINTENANCE	\$3,200	\$14.55	_____
BEEF CHECKOFF	\$152	\$0.69	_____
OTHER	\$4,000	\$18.18	_____
TOTAL	\$16,941	\$77.00	

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	
		\$2,105	\$9.57
TOTAL		\$58,250	\$264.77
		\$48,240	\$219.27

OWNERSHIP COSTS

	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS				
Taxes & Insurance		\$11,783	\$53.56	_____
Overhead		\$2,100	\$9.55	_____
		\$13,883	\$63.10	
NON CASH COSTS				
Purchased Livestock		\$6,688	\$30.40	_____
Machinery & Equipment		\$11,783	\$53.56	_____
Housing & Improvements		\$26,045	\$118.39	_____
Interest on Retained Livestock ⁶		\$14,096	\$64.07	_____
Management & Operation Labor (6% of gross returns)		\$2,894	\$13.16	_____
		\$61,507	\$279.58	
TOTAL FIXED COSTS		\$75,390	\$342.68	
TOTAL CASH AND VARIABLE COSTS		\$72,133	\$327.88	
TOTAL COSTS		\$133,640	\$607.45	
RETURN ABOVE TOTAL CASH COSTS		\$34,357	\$156.17	
RETURN ABOVE TOTAL COSTS		(\$27,150)	(\$123.41)	

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$59.19	\$73.30
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$59.19	\$135.80

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
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
15000	Acres of private land	\$85	3.9%	\$1,275,000	\$1,275,000			
500	AU Values ¹	\$2,500	3.9%	\$1,250,000	\$1,250,000			
Sub Totals				\$2,525,000				
Number	Buildings, Improvements	Price Per Unit						
16	Miles of pipeline	\$2,000	3.9%	\$32,000	\$3,200	25	100	\$1,949
10	Wells	\$12,000	3.9%	\$120,000	\$12,000	25	100	\$7,308
95	Miles of Fence	\$2,500	3.9%	\$237,500	\$23,750	25	100	\$14,465
2	Corrals/Working Facilities	\$12,000	3.9%	\$24,000	\$2,400	30	100	\$1,328
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Sub Totals				\$431,500				\$26,045
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$28,000	6.5%	\$56,000	\$11,200	7	50	\$4,448
1	1 ton pickup 4WD	\$35,000	6.5%	\$35,000	\$7,000	7	50	\$2,780
1	Tractor	\$5,000	6.5%	\$5,000	\$1,000	7	100	\$794
3	Gooseneck trailer	\$4,500	6.5%	\$13,500	\$2,700	7	100	\$2,145
1	Horse tack	\$6,000	6.5%	\$6,000	\$1,200	10	100	\$746
1	Misc. equipment	\$7,000	6.5%	\$7,000	\$1,400	10	100	\$870
Sub Total				\$122,500				\$11,783
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
13	Horses	\$1,500	6.5%	\$19,500	\$7,410	10	100	\$2,163
11	Bulls	\$2,000	6.5%	\$22,000	\$8,360	4	100	\$4,525
30	Total AUYS							
Sub Total				\$41,500				\$6,688
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
220	Cows	\$1,100	6.5%	\$242,000	\$91,960			\$12,404
33	Replacement Heifers	\$1,000	6.5%	\$33,000	\$12,540			\$1,691
245	Total AUYS							
Sub Total				\$275,000	\$104,500			\$14,096
Total				<u>\$3,395,500</u>				<u>\$51,924</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)