

**SOUTHWEST REGION
LARGE COW/CALF BUDGET**

BREED HERD SIZE	158	COW to BULL	15	CALF CROP PERCENT ¹	80%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	23.7

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	63	500	\$1.05	\$33,180	\$210.00	_____
HEIFER CALVES	40	475	\$1.00	\$18,763	\$118.75	_____
CULL COWS	37	900	\$0.43	\$14,319	\$90.63	_____
CULL BULLS	1	1200	\$0.54	\$648	\$4.10	_____
TOTAL	141			\$66,910	\$423.48	_____

VARIABLE COSTS

1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
HAY	TON	44.00	\$140	\$6,160	\$38.99	_____
STATE	AUY	40.0%	\$25.08	\$0	\$0.00	_____
FEDERAL LEASE	AUY	40.0%	\$16.20	\$2,560	\$16.20	_____
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AUY	0.0%	\$96.00	\$15,168	\$96.00	_____
SALT & MINERAL	TON	5.00	\$230	\$1,150	\$7.28	_____
PROTEIN SUPP	TON	24.00	\$250	\$6,000	\$37.97	_____
OTHER		0.00	\$0	\$0	\$0.00	_____
TOTAL				\$31,038	\$196.44	_____

2. OTHER VARIABLE COSTS

	COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE	\$1,896	\$12.00	_____
LIVESTOCK HAULING	\$704	\$4.45	_____
HIRED LABOR	\$0	\$0.00	_____
OPERATING COSTS-EQUIP & MACH	\$3,200	\$20.25	_____
OPERATING COSTS-VEHICLE	\$4,000	\$25.32	_____
RANCH MAINTENANCE	\$2,500	\$15.82	_____
BEEF CHECKOFF	\$103	\$0.65	_____
OTHER	\$2,000	\$12.66	_____
TOTAL	\$14,402	\$91.15	_____

3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED	ANNUAL INTEREST RATE	NUMBER OF MONTHS BORROWED	VALUE PER COW
	7.5%	6	
			\$1,704
TOTAL			\$10.78
			\$47,144
			\$298.38
			\$19,766
			\$125.10

OWNERSHIP COSTS

	Annual Capital Recovery ⁴ (At Replacement Valve):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS				
Taxes & Insurance		\$11,572	\$73.24	_____
Overhead		\$2,100	\$13.29	_____
		\$13,672	\$86.53	_____
NON CASH COSTS				
Purchased Livestock		\$5,997	\$37.96	_____
Machinery & Equipment		\$11,572	\$73.24	_____
Housing & Improvements		\$27,571	\$174.50	_____
Interest on Retained Livestock ⁶		\$10,123	\$64.07	_____
Management & Operation Labor (6% of gross returns)		\$1,186	\$7.51	_____
		\$56,450	\$357.28	_____
TOTAL FIXED COSTS		\$70,122	\$443.81	_____
TOTAL CASH AND VARIABLE COSTS		\$60,816	\$384.91	_____
TOTAL COSTS		\$117,266	\$742.19	_____
RETURN ABOVE TOTAL CASH COSTS		\$6,093	\$38.57	_____
RETURN ABOVE TOTAL COSTS		(\$50,357)	(\$318.71)	_____

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$76.51	\$98.70
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$76.51	\$190.31

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.

**SOUTHWEST 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
6000	Acres of private land	\$75	3.9%	\$450,000	\$450,000			
158	AU Values ¹	\$2,400	3.9%	\$379,200	\$379,200			
Sub Totals				\$829,200				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$2,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
12	Wells	\$12,000	3.9%	\$144,000	\$14,400	25	100	\$8,770
100	Miles of Fence	\$2,500	3.9%	\$250,000	\$25,000	25	100	\$15,226
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
Sub Totals				\$455,000				\$27,571
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	\$30,000	6.5%	\$30,000	\$6,000	7	50	\$2,383
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	\$8,000	6.5%	\$8,000	\$1,600	10	100	\$994
1	Misc. equipment	\$6,500	6.5%	\$6,500	\$1,300	10	100	\$808
Sub Total				\$119,000				\$11,572
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
10	Horses	\$1,500	6.5%	\$15,000	\$5,700	10	100	\$1,664
11	Bulls	\$2,000	6.5%	\$21,067	\$8,005	4	100	\$4,333
26	Total AUYS							
Sub Total				\$36,067				\$5,997
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
158	Cows	\$1,100	6.5%	\$173,800	\$66,044			\$8,908
24	Replacement Heifers	\$1,000	6.5%	\$23,700	\$9,006			\$1,215
176	Total AUYS							
Sub Total				\$197,500	\$75,050			\$10,123
Total				<u>\$1,636,767</u>				<u>\$49,267</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)