

**SOUTHWEST REGION
SMALL COW/CALF BUDGET**

BREED HERD SIZE **28** COW to BULL **15** CALF CROP PERCENT¹ **75%**
 CULL RATE **15%** REPLACEMENT HEIFER'S KEPT **4.2**

VALUE OF PRODUCTION

ANIMALS SOLD	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	
					NEW VALUE	
STEER CALVES	11	500	\$1.05	\$5,513	\$196.88	
HEIFER CALVES	6	475	\$1.00	\$2,993	\$106.88	
CULL COWS	37	900	\$0.43	\$14,319	\$511.39	
CULL BULLS	1	1200	\$0.54	\$648	\$23.14	
TOTAL	55			\$23,472	\$838.29	

VARIABLE COSTS

1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	
					NEW VALUE	
HAY	TON	13.00	\$140	\$1,820	\$65.00	
STATE	AUY	25.0%	\$25.08	\$0	\$0.00	
FEDERAL LEASE	AUY	65.0%	\$16.20	\$454	\$16.20	
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$96.00	\$2,688	\$96.00	
SALT & MINERAL	TON	1.00	\$230	\$230	\$8.21	
PROTEIN SUPP	TON	2.00	\$250	\$500	\$17.86	
OTHER		0.00	\$0	\$0	\$0.00	
TOTAL				\$5,692	\$203.27	

2. OTHER VARIABLE COSTS

	COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE	\$336	\$12.00	
LIVESTOCK HAULING	\$274	\$9.79	
HIRED LABOR	\$0	\$0.00	
OPERATING COSTS-EQUIP & MACH	\$1,000	\$35.71	
OPERATING COSTS-VEHICLE	\$1,100	\$39.29	
RANCH MAINTENANCE	\$1,250	\$44.64	
BEEF CHECKOFF	\$17	\$0.60	
OTHER	\$1,000	\$35.71	
TOTAL	\$4,977	\$177.74	

3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED	ANNUAL INTEREST RATE	NUMBER OF MONTHS BORROWED	VALUE PER COW
X INTEREST RATE PER MONTH	7.5%	6	
			\$400
TOTAL			\$14.29
			\$11,068
			\$395.30
TOTAL			\$12,404
			\$442.98

OWNERSHIP COSTS

	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS				
Taxes & Insurance		\$3,871	\$138.25	
Overhead		\$2,100	\$75.00	
		\$5,971	\$213.25	
NON CASH COSTS				
Purchased Livestock		\$1,434	\$51.20	
Machinery & Equipment		\$3,871	\$138.25	
Housing & Improvements		\$7,260	\$259.29	
Interest on Retained Livestock ⁶		\$1,794	\$64.07	
Management & Operation Labor (6% of gross returns)		\$744	\$26.58	
		\$15,103	\$539.39	
TOTAL FIXED COSTS		\$21,074	\$752.65	
TOTAL CASH AND VARIABLE COSTS		\$17,040	\$608.56	
TOTAL COSTS		\$32,113	\$1,147.95	
RETURN ABOVE TOTAL CASH COSTS		\$6,432	\$229.73	
RETURN ABOVE TOTAL COSTS		(\$8,671)	(\$309.66)	

BREAKEYEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$108.12	\$166.44
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$108.12	\$313.97

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
SMALL RANCH INVESTMENTS**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return ¹	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
1500	Acres of private land	\$75	3.9%	\$112,500	\$112,500			
28	AU Values	\$2,400	3.9%	\$67,200	\$67,200			
Sub Totals				\$179,700				
Number	Buildings, Improvements	Price Per Unit						
5	Miles of pipeline	\$2,000	3.9%	\$10,000	\$1,000	25	100	\$609
2	Wells	\$12,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
25	Miles of Fence	\$2,500	3.9%	\$62,500	\$6,250	25	100	\$3,806
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				\$121,500				\$7,260
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ²	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	\$23,700	6.5%	\$0	\$0	7	50	\$0
0	Dozer/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	\$4,000	6.5%	\$4,000	\$800	10	100	\$497
1	Misc. equipment	\$3,500	6.5%	\$3,500	\$700	10	100	\$435
Sub Total				\$40,000				\$3,871
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
4	Horses	\$1,500	6.5%	\$6,000	\$2,280	10	100	\$666
2	Bulls	\$2,000	6.5%	\$3,733	\$1,419	4	100	\$768
7	Total AUYS							
Sub Total				\$9,733				\$1,434
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
28	Cows	\$1,100	6.5%	\$30,800	\$11,704			\$1,579
4	Replacement Heifers	\$1,000	6.5%	\$4,200	\$1,596			\$215
31	Total AUYS							
Sub Total				\$35,000	\$13,300			\$1,794
Total				<u>\$385,933</u>				<u>\$12,925</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)