

**CENTRAL REGION
SMALL COW/CALF BUDGET**

BREED HERD SIZE **33** COW to BULL **20** CALF CROP PERCENT¹ **80%**
 CULL RATE **15%** REPLACEMENT HEIFER'S KEPT **4.875**

VALUE OF PRODUCTION

	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
STEER CALVES	13	515	\$1.12	\$7,472	\$229.90	_____
HEIFER CALVES	8	495	\$1.06	\$4,263	\$131.18	_____
CULL COWS	5	900	\$0.49	\$2,150	\$66.15	_____
CULL BULLS	1	1200	\$0.56	\$672	\$20.68	_____
TOTAL	27			\$14,557	\$447.90	_____

VARIABLE COSTS

		<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
1. FEED COSTS							
	HAY	TON	5.00	\$150	\$750	\$23.08	_____
	STATE	AUY	0.0%	\$25.08	\$0	\$0.00	_____
	FEDERAL LEASE	AUY	50.0%	\$16.20	\$527	\$16.20	_____
	PRIVATE(Owned)	AUY	50.0%	\$0.00	\$0	\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$96.00	\$3,120	\$96.00	_____
	SALT & MINERAL	TON	2.00	\$245	\$490	\$15.08	_____
	PROTEIN SUPP	TON	3.00	\$300	\$900	\$27.69	_____
	OTHER		0.00	\$0	\$0	\$0.00	_____
	TOTAL				\$5,787	\$178.05	_____

2. OTHER VARIABLE COSTS

		<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
	VET AND MEDICINE	\$390	\$12.00	_____
	LIVESTOCK HAULING	\$142	\$4.36	_____
	HIRED LABOR	\$0	\$0.00	_____
	OPERATING COSTS-EQUIP & MACH	\$515	\$15.85	_____
	OPERATING COSTS-VEHICLE	\$1,030	\$31.69	_____
	RANCH MAINTENANCE	\$1,030	\$31.69	_____
	BEEF CHECKOFF	\$21	\$0.65	_____
	PURCHASED LIVESTOCK	\$8,800	\$270.77	_____
	TOTAL	\$11,928	\$367.01	_____

3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED				
X INTEREST RATE PER MONTH				
ANNUAL INTEREST RATE		6.5%		
NUMBER OF MONTHS BORROWED		6	VALUE PER COW	
		\$576	\$17.71	_____
TOTAL		\$18,290	\$562.77	_____
		(\$3,733)	(\$114.87)	_____

OWNERSHIP COSTS

		<u>VALUE PER COW</u>	<u>NEW VALUE</u>
CASH COSTS			
Taxes & Insurance		\$3,560	\$109.55
Overhead		\$2,100	\$64.62
		\$5,660	\$174.17
NON CASH COSTS			
Purchased Livestock		\$1,410	\$43.37
Machinery & Equipment		\$3,560	\$109.55
Housing & Improvements		\$3,205	\$98.62
Interest on Retained Livestock ⁶		\$1,602	\$49.29
Management & Operation Labor (6% of gross returns)		-\$3,733	(\$114.87)
		\$6,043	\$185.95
TOTAL FIXED COSTS		\$11,704	\$360.12
TOTAL CASH AND VARIABLE COSTS		\$23,951	\$736.94
TOTAL COSTS		\$29,994	\$922.89
RETURN ABOVE TOTAL CASH COSTS		(\$9,394)	(\$289.04)
RETURN ABOVE TOTAL COSTS		(\$15,437)	(\$474.99)

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$139.30	\$182.41
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$139.30	\$228.44

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 2005 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
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
1	Wells	\$13,000	3.9%	\$13,000	\$1,300
10	Miles of Fence	\$2,500	3.9%	\$25,000	\$2,500
1	Corrals/Working Facilities	\$5,000	3.9%	\$5,000	\$500
1	Barns & Shop	\$10,000	3.9%	\$10,000	\$1,000
Sub Totals				\$54,000	

Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull
1	3/4 ton pickup 4WD	\$28,000	6.5%	\$28,000	\$5,600
0	3/4 ton pickup 4WD	\$30,000	6.5%	\$0	\$0
0	Tractor	\$5,000	6.5%	\$0	\$0
1	Gooseneck trailer	\$4,500	6.5%	\$4,500	\$900
1	Horse tack	\$3,500	6.5%	\$3,500	\$700
1	Misc. equipment	\$1,500	6.5%	\$1,500	\$300
Sub Total				\$37,500	

Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull
3	Horses	\$1,500	6.5%	\$4,500	\$1,710
1	Bulls	\$2,000	6.5%	\$2,500	\$950
5	Total AUUs				
Sub Total				\$7,000	

Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull
25	Cows	\$1,100	6.5%	\$27,500	\$10,450
4	Replacement Heifers	\$1,000	6.5%	\$3,750	\$1,425
28	Total AUUs				
Sub Total				\$31,250	\$11,875

Total \$321,000

1) The interest rate of 3.9% used to calculate the capital recovery cost is the USDA-ERS's ten year average long 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)

Useful Life	Livestock Share	Annual Capital Recovery
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25	100	\$61
25	100	\$792
25	100	\$1,523
30	100	\$277
30	100	\$553
		\$3,205

7	50	\$2,224
7	50	\$0
7	100	\$0
7	100	\$715
10	100	\$435
10	100	\$186
		\$3,560

10	100	\$499
4	100	\$514

		\$1,013
		Interest on Investment
		\$1,410
		\$192
		\$1,602
		\$8,367

;-run rate of return to