

**NORTHEAST REGION
MEDIUM COW/CALF BUDGET**

BREED HERD SIZE **120** COW to BULL **20** CALF CROP PERCENT¹ **85%**
 CULL RATE **15%** REPLACEMENT HEIFER'S KEPT **18**

VALUE OF PRODUCTION					VALUE PER COW	
	QUANTITY	WEIGHT	PRICE ²	VALUE	NEW VALUE	NEW VALUE
STEER CALVES	51	550	\$1.25	\$35,063	\$292.19	_____
HEIFER CALVES	33	515	\$1.20	\$20,394	\$169.95	_____
CULL COWS	37	900	\$0.58	\$19,314	\$160.95	_____
CULL BULLS	1	1200	\$0.65	\$780	\$6.50	_____
TOTAL	122			\$75,551	\$629.59	_____

VARIABLE COSTS					VALUE PER COW	
	UNITS	QUANTITY/PERCENT	PRICE	COST	NEW VALUE	NEW VALUE
1. FEED COSTS						
HAY	TON	12.00	\$140	\$1,680	\$14.00	_____
BLM	AUY	0.0%	\$16.20	\$0	\$0.00	_____
STATE	AUY	17.0%	\$25.08	\$0	\$0.00	_____
FEDERAL LEASE	AUY	30.0%	\$16.20	\$1,944	\$16.20	_____
PRIVATE(Owned)	AUY	53.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AUY	0.0%	\$144.00	\$17,280	\$144.00	_____
SALT & MINERAL	TON	3.00	\$230	\$690	\$5.75	_____
PROTEIN SUPP	TON	4.00	\$350	\$1,400	\$11.67	_____
OTHER		0.00	\$0	\$0	\$0.00	_____
TOTAL				\$22,994	\$191.62	_____

2. OTHER VARIABLE COSTS					VALUE PER COW	
				COST	NEW VALUE	NEW VALUE
VET AND MEDICINE				\$1,500	\$12.50	_____
LIVESTOCK HAULING				\$610	\$5.08	_____
HIRED LABOR				\$0	\$0.00	_____
OPERATING COSTS-EQUIP & MACH				\$1,350	\$11.25	_____
OPERATING COSTS-VEHICLE				\$3,000	\$25.00	_____
RANCH MAINTENANCE				\$2,100	\$17.50	_____
BEEF CHECKOFF				\$84	\$0.70	_____
PURCHASED LIVESTOCK				\$7,500	\$62.50	_____
TOTAL				\$16,144	\$134.53	_____

3. INTEREST ON VARIABLE COSTS					VALUE PER COW	
				COST	HIGH	NEW VALUE
SUM OF VARIABLE COSTS X MONTHS BORROWED						
X INTEREST RATE PER MONTH						
ANNUAL INTEREST RATE						
NUMBER OF MONTHS BORROWED						
				7.5%	6	\$12.23
				\$1,468	\$12.23	_____
TOTAL				\$40,606	\$338.38	_____
TOTAL				\$34,945	\$291.21	_____

OWNERSHIP COSTS					VALUE PER COW NEW VALUE	
				TOTAL	VALUE PER COW	NEW VALUE
Annual Capital Recovery ⁴ (At Replacement Value):						
Represents 65% Asset Ownership						
CASH COSTS						
Taxes & Insurance				\$4,688	\$39.07	_____
Overhead				\$2,100	\$17.50	_____
Total				\$6,788	\$56.57	_____
NON CASH COSTS						
Purchased Livestock				\$4,132	\$34.44	_____
Machinery & Equipment				\$4,688	\$39.07	_____
Housing & Improvements				\$19,443	\$162.03	_____
Interest on Retained Livestock				\$7,689	\$64.07	_____
Management & Operation Labor (6% of gross returns)				\$4,533	\$37.78	_____
Total				\$40,485	\$337.38	_____
TOTAL FIXED COSTS				\$47,273	\$393.94	_____
TOTAL CASH AND VARIABLE COSTS				\$47,394	\$394.95	_____
TOTAL COSTS				\$87,879	\$732.32	_____
RETURN ABOVE TOTAL CASH COSTS				\$28,157	\$234.64	_____
RETURN ABOVE TOTAL COSTS				(\$12,328)	(\$102.74)	_____

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$74.76	\$87.26
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$74.76	\$161.80

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 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.

**NORTHEAST REGION
MEDIUM 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
7000	Acres of private land	\$85	3.9%	\$595,000	\$595,000			
200	AU Values ¹	\$2,500	3.9%	\$500,000	\$500,000			
Sub Totals				\$1,095,000				
Number	Buildings, Improvements	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
10	Miles of pipeline	\$2,000	3.9%	\$20,000	\$2,000	25	100	\$1,218
6	Wells	\$12,000	3.9%	\$72,000	\$7,200	25	100	\$4,385
50	Miles of Fence	\$4,000	3.9%	\$200,000	\$20,000	25	100	\$12,181
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				\$322,000				\$19,443
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
0	1 ton pickup 4WD	\$32,000	7.5%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$6,500	7.5%	\$6,500	\$1,300	7	100	\$1,079
1	Horse tack	\$3,500	7.5%	\$3,500	\$700	10	100	\$460
1	Misc. equipment	\$5,000	7.5%	\$5,000	\$1,000	10	100	\$658
Sub Total				\$45,000				\$4,688
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
6	Horses	\$2,500	6.5%	\$15,000	\$5,700	10	100	\$1,664
6	Bulls	\$2,000	6.5%	\$12,000	\$4,560	4	100	\$2,468
40	Cows	\$1,100.00	6.5%	\$44,000	\$16,720	8	100	\$5,567
65	Total AUYS							
Sub Total				\$27,000				\$4,132
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull	Useful Life	Livestock Share	Interest on Investment
120	Cows	\$1,100	6.5%	\$132,000	\$50,160			\$6,766
18	Replacement Heifers	\$1,000	6.5%	\$18,000	\$6,840			\$923
134	Total AUYS							
Sub Total				\$150,000	\$57,000			\$7,689
Total				<u>\$1,639,000</u>				<u>\$31,820</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 7.50% was used.

3) A rate of 6.50 percent reflects a typical return on a low -risk investment (30 YR Treasury Bond)