

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

BREED HERD SIZE **300** COW TO BULL **20** CALF CROP PERCENT¹ **83%**
CULL RATE **15%** REPLACEMENT HEIFER'S KEPT **45**

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	125	510	\$1.20	\$76,194	\$253.98	_____
HEIFER CALVES	80	485	\$1.12	\$42,992	\$143.31	_____
CULL COWS	37	900	\$0.53	\$17,649	\$58.83	_____
CULL BULLS	1	1200	\$0.60	\$720	\$2.40	_____
TOTAL	242			\$137,555	\$458.52	_____

VARIABLE COSTS

		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
1. FEED COSTS							
	HAY	TON	30.00	\$140	\$4,200	\$14.00	_____
	STATE	AUY	45.0%	\$25.08	\$0	\$0.00	_____
	FEDERAL LEASE	AUY	35.0%	\$16.20	\$4,860	\$16.20	_____
	PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$144.00	\$43,200	\$144.00	_____
	SALT & MINERAL	TON	6.00	\$230	\$1,380	\$4.60	_____
	PROTEIN SUPP	TON	5.00	\$350	\$1,750	\$5.83	_____
	OTHER		0.00	\$0	\$0	\$0.00	_____
	TOTAL				\$55,390	\$184.63	_____
2. OTHER VARIABLE COSTS							
				<u>COST</u>			
	VET AND MEDICINE			\$3,750	\$12.50	_____	
	LIVESTOCK HAULING			\$1,271	\$4.24	_____	
	HIRED LABOR			\$0	\$0.00	_____	
	OPERATING COSTS-EQUIP & MACH			\$3,750	\$12.50	_____	
	OPERATING COSTS-VEHICLE			\$4,100	\$13.67	_____	
	RANCH MAINTENANCE			\$3,300	\$11.00	_____	
	BEEF CHECKOFF			\$204	\$0.68	_____	
	OTHER			\$9,000	\$30.00	_____	
	TOTAL			\$25,375	\$84.58	_____	
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	
					\$3,029	\$10.10	_____
	TOTAL				\$83,793	\$279.31	_____

OWNERSHIP COSTS

		Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS					
	Taxes & Insurance		\$13,482	\$44.94	_____
	Overhead		\$2,100	\$7.00	_____
	Total		\$15,582	\$51.94	_____
NON CASH COSTS					
	Purchased Livestock		\$9,776	\$32.59	_____
	Machinery & Equipment		\$13,482	\$44.94	_____
	Housing & Improvements		\$33,180	\$110.60	_____
	Interest on Retained Livestock ⁶		\$19,221	\$64.07	_____
	Management & Operation Labor (6% of gross returns)		\$8,253	\$27.51	_____
	Total		\$83,912	\$279.71	_____
	TOTAL FIXED COSTS		\$99,494	\$331.65	_____
	TOTAL CASH AND VARIABLE COSTS		\$99,375	\$331.25	_____
	TOTAL COSTS		\$183,287	\$610.96	_____
	RETURN ABOVE TOTAL CASH COSTS		\$38,180	\$127.27	_____
	RETURN ABOVE TOTAL COSTS		(\$45,732)	(\$152.44)	_____

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$67.64	\$80.22
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$67.64	\$147.96

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.

**NORTHWEST MOUNTAIN 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
8000	Acres of private land	\$80	3.9%	\$640,000	\$640,000			
500	AU Values ¹	\$2,400	3.9%	\$1,200,000	\$1,200,000			
Sub Totals				\$1,840,000				
Number	Buildings, Improvements	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
18	Miles of pipeline	\$2,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
7	Wells	\$11,000	3.9%	\$77,000	\$7,700	25	100	\$4,690
100	Miles of Fence	\$4,000	3.9%	\$400,000	\$40,000	25	100	\$24,361
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
Sub Totals				\$548,000				\$33,180
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
2	3/4 ton pickup 4WD	\$30,000	7.5%	\$60,000	\$12,000	7	50	\$4,981
1	1 ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
3	Gooseneck trailer	\$6,500	7.5%	\$19,500	\$3,900	7	100	\$3,238
1	Horse tack	\$6,500	7.5%	\$6,500	\$1,300	10	100	\$855
1	Misc. equipment	\$7,000	7.5%	\$7,000	\$1,400	10	100	\$921
Sub Total				\$130,000				\$13,482
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
13	Horses	\$2,500	6.5%	\$32,500	\$12,350	10	100	\$3,606
15	Bulls	\$2,000	6.5%	\$30,000	\$11,400	4	100	\$6,170
100	Cows	\$1,100.00	6.5%	\$110,000	\$41,800	8	100	\$13,918
160	Total AUYS							
Sub Total				\$62,500				\$9,776
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull	Useful Life	Livestock Share	Interest on Investment
300	Cows	\$1,100	6.5%	\$330,000	\$125,400			\$16,915
45	Replacement Heifers	\$1,000	6.5%	\$45,000	\$17,100			\$2,307
334	Total AUYS							
Sub Total				\$375,000	\$142,500			\$19,221
Total				<u>\$2,955,500</u>				<u>\$65,883</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)