

**SOUTHEAST REGION
MEDIUM COW/CALF BUDGET**

BREED HERD SIZE **120** COW to BULL **20** CALF CROP PERCENT¹ **82%**
 CULL RATE **15%** REPLACEMENT HEIFER'S KEPT **18**

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	49	510	\$1.20	\$30,110	\$250.92	_____
HEIFER CALVES	31	485	\$1.15	\$17,402	\$145.02	_____
CULL COWS	37	900	\$0.55	\$18,315	\$152.63	_____
CULL BULLS	1	1200	\$0.62	\$744	\$6.20	_____
TOTAL	118			\$66,571	\$554.76	_____

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	14.00	\$140	\$1,960	\$16.33	_____
	STATE	AUY	45.0%	\$25.08	\$0	\$0.00	_____
	FEDERAL LEASE	AUY	25.0%	\$16.20	\$1,944	\$16.20	_____
	PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$144.00	\$17,280	\$144.00	_____
	SALT & MINERAL	TON	2.50	\$230	\$575	\$4.79	_____
	PROTEIN SUPP	TON	7.00	\$350	\$2,450	\$20.42	_____
	OTHER		0.00	\$0	\$0	\$0.00	_____
	TOTAL				\$24,209	\$201.74	_____

2. OTHER VARIABLE COSTS

	<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
VET AND MEDICINE	\$1,500	\$12.50	_____
LIVESTOCK HAULING	\$622	\$5.18	_____
HIRED LABOR	\$0	\$0.00	_____
OPERATING COSTS-EQUIP & MACH	\$1,650	\$13.75	_____
OPERATING COSTS-VEHICLE	\$3,450	\$28.75	_____
RANCH MAINTENANCE	\$2,000	\$16.67	_____
BEEF CHECKOFF	\$80	\$0.67	_____
PURCHASED LIVESTOCK	\$4,500	\$37.50	_____
TOTAL	\$13,802	\$115.02	_____

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	
	\$1,425	\$11.88	_____
TOTAL	\$39,436	\$328.64	_____
	\$27,135	\$226.12	_____

OWNERSHIP COSTS

		<u>VALUE PER COW</u>	<u>NEW VALUE</u>
CASH COSTS			
	Taxes & Insurance	\$4,425	\$36.87
	Overhead	\$2,100	\$17.50
	Total	\$6,525	\$54.37
NON CASH COSTS			
	Purchased Livestock	\$3,578	\$29.81
	Machinery & Equipment	\$4,425	\$36.87
	Housing & Improvements	\$9,865	\$82.21
	Interest on Retained Livestock ⁴	\$7,689	\$64.07
	Management & Operation Labor (6% of gross returns)	\$3,994	\$33.29
	Total	\$29,551	\$246.26
TOTAL FIXED COSTS		\$36,076	\$300.63
TOTAL CASH AND VARIABLE COSTS		\$45,961	\$383.01
TOTAL COSTS		\$75,512	\$629.27
RETURN ABOVE TOTAL CASH COSTS		\$20,610	\$171.75
RETURN ABOVE TOTAL COSTS		(\$8,941)	(\$74.51)

BREAKEVEN CALCULATIONS

	<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$80.56	\$93.89
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$80.56	\$154.25

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.

**SOUTHEAST 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
4000	Acres of private land	\$65	3.9%	\$260,000	\$260,000			
200	AU Values ¹	\$2,450	3.9%	\$490,000	\$490,000			
Sub Totals				\$750,000				
Number	Buildings, Improvements	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
5	Miles of pipeline	\$2,000	3.9%	\$10,000	\$1,000	25	100	\$609
4	Wells	\$11,000	3.9%	\$44,000	\$4,400	25	100	\$2,680
22	Miles of Fence	\$4,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Sub Totals				\$164,000				\$9,865
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	\$3,000	7.5%	\$3,000	\$600	10	100	\$395
1	Misc. equipment	\$3,500	7.5%	\$3,500	\$700	10	100	\$460
Sub Total				\$43,000				\$4,425
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
4	Horses	\$2,500	6.5%	\$10,000	\$3,800	10	100	\$1,109
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
63	Total AUYS							
Sub Total				\$22,000				\$3,578
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				\$1,129,000				\$21,979

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)