

**SOUTHWEST REGION
MEDIUM COW/CALF BUDGET**

BREED HERD SIZE **100** COW to BULL **15** CALF CROP PERCENT¹ **82%**
CULL RATE **15%** REPLACEMENT HEIFER'S KEPT **15**

VALUE OF PRODUCTION						VALUE PER COW	
	QUANTITY	WEIGHT	PRICE ²	VALUE		NEW VALUE	
STEER CALVES	41	500	\$1.20	\$24,600	\$246.00	_____	
HEIFER CALVES	26	475	\$1.15	\$14,203	\$142.03	_____	
CULL COWS	37	900	\$0.53	\$17,649	\$176.49	_____	
CULL BULLS	1	1200	\$0.60	\$720	\$7.20	_____	
TOTAL	105			\$57,172	\$571.72	_____	

VARIABLE COSTS						VALUE PER COW	
	UNITS	QUANTITY/PERCENT	PRICE	COST		NEW VALUE	
1. FEED COSTS							
HAY	TON	33.00	\$140	\$4,620	\$46.20	_____	
STATE	AUY	30.0%	\$25.08	\$0	\$0.00	_____	
FEDERAL LEASE	AUY	60.0%	\$16.20	\$1,620	\$16.20	_____	
PRIVATE(Owned)	AUY	10.0%	\$0.00	\$0	\$0.00	_____	
PRIVATE(Leased Grazing)	AUY	0.0%	\$144.00	\$14,400	\$144.00	_____	
SALT & MINERAL	TON	2.00	\$230	\$460	\$4.60	_____	
PROTEIN SUPP	TON	2.50	\$350	\$875	\$8.75	_____	
OTHER		0.00	\$0	\$0	\$0.00	_____	
TOTAL				\$21,975	\$219.75	_____	
2. OTHER VARIABLE COSTS							
VET AND MEDICINE				\$1,250	\$12.50	_____	
LIVESTOCK HAULING				\$551	\$5.51	_____	
HIRED LABOR				\$0	\$0.00	_____	
OPERATING COSTS-EQUIP & MACH				\$2,350	\$23.50	_____	
OPERATING COSTS-VEHICLE				\$3,200	\$32.00	_____	
RANCH MAINTENANCE				\$2,200	\$22.00	_____	
BEEF CHECKOFF				\$67	\$0.67	_____	
PURCHASED LIVESTOCK				\$4,500	\$45.00	_____	
TOTAL				\$14,118	\$141.18	_____	
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		
				\$1,353	\$13.53	_____	
TOTAL				\$37,447	\$374.47	_____	

OWNERSHIP COSTS						VALUE PER COW NEW VALUE	
Annual Capital Recovery ³ (At Replacement Value):				Represents 65% Asset Ownership ⁵			
CASH COSTS							
Taxes & Insurance				\$8,687	\$86.87	_____	
Overhead				\$2,100	\$21.00	_____	
Total				\$10,787	\$107.87	_____	
NON CASH COSTS							
Purchased Livestock				\$4,961	\$49.61	_____	
Machinery & Equipment				\$8,687	\$86.87	_____	
Housing & Improvements				\$16,731	\$167.31	_____	
Interest on Retained Livestock ⁶				\$6,407	\$64.07	_____	
Management & Operation Labor (6% of gross returns)				\$3,430	\$34.30	_____	
Total				\$40,216	\$402.16	_____	
TOTAL FIXED COSTS				\$51,003	\$510.03	_____	
TOTAL CASH AND VARIABLE COSTS				\$48,234	\$482.34	_____	
TOTAL COSTS				\$88,450	\$884.50	_____	
RETURN ABOVE TOTAL CASH COSTS				\$8,938	\$89.38	_____	
RETURN ABOVE TOTAL COSTS				(\$31,279)	(\$312.79)	_____	

BREAK-EVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$93.68	\$120.66
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$93.68	\$221.26

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.

**SOUTHWEST 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
3500	Acres of private land	\$75	3.9%	\$262,500	\$262,500			
100	AU Values ¹	\$2,400	3.9%	\$240,000	\$240,000			
Sub Totals				\$502,500				
Number	Buildings, Improvements	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
4	Wells	\$12,000	3.9%	\$48,000	\$4,800	25	100	\$2,923
45	Miles of Fence	\$4,000	3.9%	\$180,000	\$18,000	25	100	\$10,963
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				\$277,000				\$16,731
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
1	1 ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
0	Dozer/Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$6,500	7.5%	\$13,000	\$2,600	7	100	\$2,159
1	Horse tack	\$6,000	7.5%	\$6,000	\$1,200	10	100	\$789
1	Misc. equipment	\$4,500	7.5%	\$4,500	\$900	10	100	\$592
Sub Total				\$85,500				\$8,687
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
8	Horses	\$2,500	6.5%	\$20,000	\$7,600	10	100	\$2,219
7	Bulls	\$2,000	6.5%	\$13,333	\$5,067	4	100	\$2,742
30	Cows	\$1,100.00	6.5%	\$33,000	\$12,540	8	100	\$4,175
56	Total AUYS							
Sub Total				\$33,333				\$4,961
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull	Useful Life	Livestock Share	Interest on Investment
100	Cows	\$1,100	6.5%	\$110,000	\$41,800			\$5,638
15	Replacement Heifers	\$1,000	6.5%	\$15,000	\$5,700			\$769
111	Total AUYS							
Sub Total				\$125,000	\$47,500			\$6,407
Total				<u>\$1,023,333</u>				<u>\$31,825</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)