

**SOUTHWEST REGION
SMALL COW/CALF BUDGET**

BREED HERD SIZE **40** COW to BULL **15** CALF CROP PERCENT¹ **82%**
CULL RATE **15%** REPLACEMENT HEIFER'S KEPT **6**

VALUE OF PRODUCTION

<u>ANIMALS SOLD</u>	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
STEER CALVES	16	500	\$1.20	\$9,840	\$246.00	_____
HEIFER CALVES	10	475	\$1.12	\$5,508	\$137.70	_____
CULL COWS	37	900	\$0.53	\$17,649	\$441.23	_____
CULL BULLS	1	1200	\$0.60	\$720	\$18.00	_____
TOTAL	65			\$33,717	\$842.93	_____

VARIABLE COSTS

1. FEED COSTS	<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
HAY	TON	13.00	\$140	\$1,820	\$45.50	_____
STATE	AUY	25.0%	\$25.08	\$0	\$0.00	_____
FEDERAL LEASE	AUY	65.0%	\$16.20	\$648	\$16.20	_____
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AUY	0.0%	\$144.00	\$5,760	\$144.00	_____
SALT & MINERAL	TON	1.00	\$230	\$230	\$5.75	_____
PROTEIN SUPP	TON	1.00	\$350	\$350	\$8.75	_____
OTHER		0.00	\$0	\$0	\$0.00	_____
TOTAL				\$8,808	\$220.20	_____

2. OTHER VARIABLE COSTS

	<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
VET AND MEDICINE	\$500	\$12.50	_____
LIVESTOCK HAULING	\$340	\$8.51	_____
HIRED LABOR	\$0	\$0.00	_____
OPERATING COSTS-EQUIP & MACH	\$1,300	\$32.50	_____
OPERATING COSTS-VEHICLE	\$1,500	\$37.50	_____
RANCH MAINTENANCE	\$1,350	\$33.75	_____
BEEF CHECKOFF	\$27	\$0.67	_____
OTHER	\$2,500	\$62.50	_____
TOTAL	\$7,517	\$187.93	_____

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	
		\$612	\$15.30
TOTAL		\$16,937	\$423.43
		\$16,780	\$419.50

OWNERSHIP COSTS

CASH COSTS	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
Taxes & Insurance		\$4,556	\$113.91	_____
Overhead		\$2,100	\$52.50	_____
Total		\$6,656	\$166.41	_____
NON CASH COSTS				
Purchased Livestock		\$2,206	\$55.16	_____
Machinery & Equipment		\$4,556	\$113.91	_____
Housing & Improvements		\$9,544	\$238.60	_____
Interest on Retained Livestock ⁶		\$2,563	\$64.07	_____
Management & Operation Labor (6% of gross returns)		\$2,023	\$50.58	_____
Total		\$20,893	\$522.32	_____
TOTAL FIXED COSTS		\$27,549	\$688.73	_____
TOTAL CASH AND VARIABLE COSTS		\$23,594	\$589.84	_____
TOTAL COSTS		\$44,486	\$1,112.16	_____
RETURN ABOVE TOTAL CASH COSTS		\$10,123	\$253.09	_____
RETURN ABOVE TOTAL COSTS		(\$10,769)	(\$269.23)	_____

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$105.92	\$147.55
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$105.92	\$278.21

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
SMALL RANCH INVESTMENTS**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return¹	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
1500	Acres of private land	\$75	3.9%	\$112,500	\$112,500			
40	AU Values	\$2,400	3.9%	\$96,000	\$96,000			
Sub Totals				\$208,500				
Number	Buildings, Improvements	Price Per Unit	10 Yr Avg Rate of Return¹	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
2	Wells	\$12,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
25	Miles of Fence	\$4,000	3.9%	\$100,000	\$10,000	25	100	\$6,090
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				\$159,000				\$9,544
Number	Machinery & Vehicles	Price Per Unit	Interest Rate²	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	3/4 ton pickup 4WD	\$32,000	7.5%	\$0	\$0	7	50	\$0
0	Dozer/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	\$4,000	7.5%	\$4,000	\$800	10	100	\$526
1	Misc. equipment	\$3,500	7.5%	\$3,500	\$700	10	100	\$460
Sub Total				\$44,000				\$4,556
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
3	Bulls	\$2,000	6.5%	\$5,333	\$2,027	4	100	\$1,097
12	Cows	\$1,100.00	6.5%	\$13,200	\$5,016	8	100	\$1,670
23	Total AUYS							
Sub Total				\$15,333				\$2,206
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
40	Cows	\$1,100	6.5%	\$44,000	\$16,720			\$2,255
6	Replacement Heifers	\$1,000	6.5%	\$6,000	\$2,280			\$308
45	Total AUYS							
Sub Total				\$50,000	\$19,000			\$2,563
Total				<u>\$476,833</u>				<u>\$16,663</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)