

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

BREED HERD SIZE **220** COW to BULL **20** CALF CROP PERCENT¹ **84%**
 CULL RATE **15%** REPLACEMENT HEIFER'S KEPT **33**

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	92	550	\$1.10	\$55,902	\$254.10	_____
HEIFER CALVES	59	515	\$1.05	\$32,121	\$146.00	_____
CULL COWS	37	1000	\$0.48	\$17,760	\$80.73	_____
CULL BULLS	1	1200	\$0.59	\$708	\$3.22	_____
TOTAL	190			\$106,491	\$484.05	_____

VARIABLE COSTS

		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
1. FEED COSTS							
	HAY	TON	44.00	\$140	\$6,160	\$28.00	_____
	STATE	AUY	30.0%	\$25.08	\$0	\$0.00	_____
	FEDERAL LEASE	AUY	7.0%	\$16.20	\$3,564	\$16.20	_____
	PRIVATE(Owned)	AUY	55.0%	\$0.00	\$0	\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$96.00	\$21,120	\$96.00	_____
	SALT & MINERAL	TON	7.00	\$230	\$1,610	\$7.32	_____
	PROTEIN SUPP	TON	27.00	\$250	\$6,750	\$30.68	_____
	OTHER		0.00	\$0	\$0	\$0.00	_____
	TOTAL				\$39,204	\$178.20	_____

2. OTHER VARIABLE COSTS

		COST	VALUE PER COW	NEW VALUE
	VET AND MEDICINE	\$2,640	\$12.00	_____
	LIVESTOCK HAULING	\$949	\$4.31	_____
	HIRED LABOR	\$0	\$0.00	_____
	OPERATING COSTS-EQUIP & MACH	\$3,000	\$13.64	_____
	OPERATING COSTS-VEHICLE	\$3,000	\$13.64	_____
	RANCH MAINTENANCE	\$3,200	\$14.55	_____
	BEEF CHECKOFF	\$152	\$0.69	_____
	OTHER	\$4,000	\$18.18	_____
	TOTAL	\$16,941	\$77.00	_____

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	
		\$2,105	\$9.57	_____
TOTAL		\$58,250	\$264.77	_____
		\$48,240	\$219.27	_____

OWNERSHIP COSTS

		Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS					
	Taxes & Insurance		\$11,783	\$53.56	_____
	Overhead		\$2,100	\$9.55	_____
			\$13,883	\$63.10	_____
NON CASH COSTS					
	Purchased Livestock		\$6,688	\$30.40	_____
	Machinery & Equipment		\$11,783	\$53.56	_____
	Housing & Improvements		\$26,045	\$118.39	_____
	Interest on Retained Livestock ⁶		\$14,096	\$64.07	_____
	Management & Operation Labor (6% of gross returns)		\$2,894	\$13.16	_____
			\$61,507	\$279.58	_____
TOTAL FIXED COSTS			\$75,390	\$342.68	_____
TOTAL CASH AND VARIABLE COSTS			\$72,133	\$327.88	_____
TOTAL COSTS			\$133,640	\$607.45	_____
RETURN ABOVE TOTAL CASH COSTS			\$34,357	\$156.17	_____
RETURN ABOVE TOTAL COSTS			(\$27,150)	(\$123.41)	_____

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$59.19	\$73.30
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$59.19	\$135.80

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 2004 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
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
15000	Acres of private land	\$85	3.9%	\$1,275,000	\$1,275,000			
500	AU Values ¹	\$2,500	3.9%	\$1,250,000	\$1,250,000			
Sub Totals				\$2,525,000				
Number	Buildings, Improvements	Price Per Unit						
16	Miles of pipeline	\$2,000	3.9%	\$32,000	\$3,200	25	100	\$1,949
10	Wells	\$12,000	3.9%	\$120,000	\$12,000	25	100	\$7,308
95	Miles of Fence	\$2,500	3.9%	\$237,500	\$23,750	25	100	\$14,465
2	Corrals/Working Facilities	\$12,000	3.9%	\$24,000	\$2,400	30	100	\$1,328
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Sub Totals				\$431,500				\$26,045
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$28,000	6.5%	\$56,000	\$11,200	7	50	\$4,448
1	1 ton pickup 4WD	\$35,000	6.5%	\$35,000	\$7,000	7	50	\$2,780
1	Tractor	\$5,000	6.5%	\$5,000	\$1,000	7	100	\$794
3	Gooseneck trailer	\$4,500	6.5%	\$13,500	\$2,700	7	100	\$2,145
1	Horse tack	\$6,000	6.5%	\$6,000	\$1,200	10	100	\$746
1	Misc. equipment	\$7,000	6.5%	\$7,000	\$1,400	10	100	\$870
Sub Total				\$122,500				\$11,783
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
13	Horses	\$1,500	6.5%	\$19,500	\$7,410	10	100	\$2,163
11	Bulls	\$2,000	6.5%	\$22,000	\$8,360	4	100	\$4,525
30	Total AUYS							
Sub Total				\$41,500				\$6,688
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
220	Cows	\$1,100	6.5%	\$242,000	\$91,960			\$12,404
33	Replacement Heifers	\$1,000	6.5%	\$33,000	\$12,540			\$1,691
245	Total AUYS							
Sub Total				\$275,000	\$104,500			\$14,096
Total				<u>\$3,395,500</u>				<u>\$51,924</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 6.50% was used.

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