

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

BREED HERD SIZE **220** COW to BULL **20** CALF CROP PERCENT¹ **80%**
 CULL RATE **15%** REPLACEMENT HEIFER'S KEPT **33**

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	88	510	\$1.07	\$48,022	\$218.28	_____
HEIFER CALVES	55	485	\$1.02	\$27,209	\$123.68	_____
CULL COWS	37	900	\$0.46	\$15,318	\$69.63	_____
CULL BULLS	1	1200	\$0.57	\$684	\$3.11	_____
TOTAL	181			\$91,232	\$414.69	_____

VARIABLE COSTS

		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
1. FEED COSTS							
	HAY	TON	36.00	\$140	\$5,040	\$22.91	_____
	STATE	AUY	45.0%	\$25.08	\$0	\$0.00	_____
	FEDERAL LEASE	AUY	25.0%	\$16.20	\$3,564	\$16.20	_____
	PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$96.00	\$21,120	\$96.00	_____
	SALT & MINERAL	TON	8.00	\$230	\$1,840	\$8.36	_____
	PROTEIN SUPP	TON	36.00	\$250	\$9,000	\$40.91	_____
	OTHER		0.00	\$0	\$0	\$0.00	_____
	TOTAL				\$40,564	\$184.38	_____
2. OTHER VARIABLE COSTS							
	VET AND MEDICINE				\$2,640	\$12.00	_____
	LIVESTOCK HAULING				\$905	\$4.11	_____
	HIRED LABOR				\$0	\$0.00	_____
	OPERATING COSTS-EQUIP & MACH				\$3,400	\$15.45	_____
	OPERATING COSTS-VEHICLE				\$3,500	\$15.91	_____
	RANCH MAINTENANCE				\$3,200	\$14.55	_____
	BEEF CHECKOFF				\$143	\$0.65	_____
	OTHER				\$4,500	\$20.45	_____
	TOTAL				\$18,288	\$83.13	_____
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	
					\$2,207	\$10.03	_____
	TOTAL				\$61,059	\$277.54	_____
	TOTAL				\$30,173	\$137.15	_____

OWNERSHIP COSTS

		Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS					
	Taxes & Insurance			\$10,785	\$49.02
	Overhead			\$2,100	\$9.55
				\$12,885	\$58.57
NON CASH COSTS					
	Purchased Livestock			\$6,522	\$29.65
	Machinery & Equipment			\$10,785	\$49.02
	Housing & Improvements			\$25,705	\$116.84
	Interest on Retained Livestock ⁶			\$14,096	\$64.07
	Management & Operation Labor (6% of gross returns)			\$1,810	\$8.23
				\$58,918	\$267.81
TOTAL FIXED COSTS				\$71,803	\$326.38
TOTAL CASH AND VARIABLE COSTS				\$73,944	\$336.11
TOTAL COSTS				\$132,862	\$603.92
RETURN ABOVE TOTAL CASH COSTS				\$17,288	\$78.58
RETURN ABOVE TOTAL COSTS				(\$41,630)	(\$189.23)

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$69.73	\$84.45
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$69.73	\$151.74

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.

**SOUTHEAST 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
10000	Acres of private land	\$65	3.9%	\$650,000	\$650,000			
550	AU Values ¹	\$2,450	3.9%	\$1,347,500	\$1,347,500			
Sub Totals				\$1,997,500				
Number	Buildings, Improvements	Price Per Unit						
15	Miles of pipeline	\$2,000	3.9%	\$30,000	\$3,000	25	100	\$1,827
8	Wells	\$11,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
110	Miles of Fence	\$2,500	3.9%	\$275,000	\$27,500	25	100	\$16,748
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Sub Totals				\$425,000				\$25,705
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	\$30,000	6.5%	\$30,000	\$6,000	7	50	\$2,383
1	Tractor	\$5,000	6.5%	\$5,000	\$1,000	7	100	\$794
3	Gooseneck trailer	\$3,500	6.5%	\$10,500	\$2,100	7	100	\$1,668
1	Horse tack	\$6,000	6.5%	\$6,000	\$1,200	10	100	\$746
1	Misc. equipment	\$6,000	6.5%	\$6,000	\$1,200	10	100	\$746
Sub Total				\$113,500				\$10,785
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
12	Horses	\$1,500	6.5%	\$18,000	\$6,840	10	100	\$1,997
11	Bulls	\$2,000	6.5%	\$22,000	\$8,360	4	100	\$4,525
29	Total AUYS							
Sub Total				\$40,000				\$6,522
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>\$2,851,000</u>				<u>\$50,586</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)