

**SOUTHWEST REGION  
SMALL COW/CALF BUDGET**

BREED HERD SIZE **28**      COW to BULL **15**      CALF CROP PERCENT<sup>1</sup> **75%**  
 CULL RATE **15%**      REPLACEMENT HEIFER'S KEPT **4.2**

**VALUE OF PRODUCTION**

<u>ANIMALS SOLD</u>	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE<sup>2</sup></u>	<u>VALUE</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
STEER CALVES	11	500	\$1.05	\$5,513	\$196.88	_____
HEIFER CALVES	6	475	\$1.00	\$2,993	\$106.88	_____
CULL COWS	37	900	\$0.43	\$14,319	\$511.39	_____
CULL BULLS	1	1200	\$0.54	\$648	\$23.14	_____
<b>TOTAL</b>	<b>55</b>			<b>\$23,472</b>	<b>\$838.29</b>	_____

**VARIABLE COSTS**

<b>1. FEED COSTS</b>	<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	\$65.00	_____
STATE	AUY	25.0%	\$25.08	\$0	\$0.00	_____
FEDERAL LEASE	AUY	65.0%	\$16.20	\$454	\$16.20	_____
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AUY	0.0%	\$96.00	\$2,688	\$96.00	_____
SALT & MINERAL	TON	1.00	\$230	\$230	\$8.21	_____
PROTEIN SUPP	TON	2.00	\$250	\$500	\$17.86	_____
OTHER		0.00	\$0	\$0	\$0.00	_____
<b>TOTAL</b>				<b>\$5,692</b>	<b>\$203.27</b>	_____

**2. OTHER VARIABLE COSTS**

	<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
VET AND MEDICINE	\$336	\$12.00	_____
LIVESTOCK HAULING	\$274	\$9.79	_____
HIRED LABOR	\$0	\$0.00	_____
OPERATING COSTS-EQUIP & MACH	\$1,000	\$35.71	_____
OPERATING COSTS-VEHICLE	\$1,100	\$39.29	_____
RANCH MAINTENANCE	\$1,250	\$44.64	_____
BEEF CHECKOFF	\$17	\$0.60	_____
OTHER	\$1,000	\$35.71	_____
<b>TOTAL</b>	<b>\$4,977</b>	<b>\$177.74</b>	_____

**3. INTEREST ON VARIABLE COSTS**

	<u>COST</u>	<u>VALUE PER COW</u>
SUM OF VARIABLE COSTS X MONTHS BORROWED		
X INTEREST RATE PER MONTH		
ANNUAL INTEREST RATE	7.5%	
NUMBER OF MONTHS BORROWED	6	
	\$400	\$14.29
<b>TOTAL</b>	<b>\$11,068</b>	<b>\$395.30</b>
	<b>\$12,404</b>	<b>\$442.98</b>

**OWNERSHIP COSTS**

	<u>Annual Capital Recovery<sup>4</sup> (At Replacement Value):</u>	<u>Represents 65% Asset Ownership<sup>5</sup></u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
<b>CASH COSTS</b>				
Taxes & Insurance		\$3,871	\$138.25	_____
Overhead		\$2,100	\$75.00	_____
		<b>\$5,971</b>	<b>\$213.25</b>	_____
<b>NON CASH COSTS</b>				
Purchased Livestock		\$1,434	\$51.20	_____
Machinery & Equipment		\$3,871	\$138.25	_____
Housing & Improvements		\$7,260	\$259.29	_____
Interest on Retained Livestock <sup>6</sup>		\$1,794	\$64.07	_____
Management & Operation Labor ( 6% of gross returns)		\$744	\$26.58	_____
		<b>\$15,103</b>	<b>\$539.39</b>	_____
<b>TOTAL FIXED COSTS</b>		<b>\$21,074</b>	<b>\$752.65</b>	_____
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$17,040</b>	<b>\$608.56</b>	_____
<b>TOTAL COSTS</b>		<b>\$32,113</b>	<b>\$1,147.95</b>	_____
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$6,432</b>	<b>\$229.73</b>	_____
<b>RETURN ABOVE TOTAL COSTS</b>		<b>(\$8,671)</b>	<b>(\$309.66)</b>	_____

**BREAKEYEN CALCULATIONS**

	<b>VARIABLE COSTS</b>	<b>TOTAL COSTS</b>
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$108.12	\$166.44
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$108.12	\$313.97

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.

**SOUTHWEST REGION  
SMALL RANCH INVESTMENTS**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return<sup>1</sup></b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
1500	Acres of private land	\$75	3.9%	\$112,500	\$112,500			
28	AU Values	\$2,400	3.9%	\$67,200	\$67,200			
<b>Sub Totals</b>				\$179,700				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return<sup>1</sup></b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
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	\$2,500	3.9%	\$62,500	\$6,250	25	100	\$3,806
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
<b>Sub Totals</b>				\$121,500				\$7,260
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>2</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
1	3/4 ton pickup 4WD	\$28,000	6.5%	\$28,000	\$5,600	7	50	\$2,224
0	3/4 ton pickup 4WD	\$23,700	6.5%	\$0	\$0	7	50	\$0
0	Dozer/Tractor	\$5,000	6.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$4,500	6.5%	\$4,500	\$900	7	100	\$715
1	Horse tack	\$4,000	6.5%	\$4,000	\$800	10	100	\$497
1	Misc. equipment	\$3,500	6.5%	\$3,500	\$700	10	100	\$435
<b>Sub Total</b>				\$40,000				\$3,871
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
4	Horses	\$1,500	6.5%	\$6,000	\$2,280	10	100	\$666
2	Bulls	\$2,000	6.5%	\$3,733	\$1,419	4	100	\$768
7	<b>Total AUYS</b>							
<b>Sub Total</b>				\$9,733				\$1,434
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Interest on Investment</b>
28	Cows	\$1,100	6.5%	\$30,800	\$11,704			\$1,579
4	Replacement Heifers	\$1,000	6.5%	\$4,200	\$1,596			\$215
31	<b>Total AUYS</b>							
<b>Sub Total</b>				\$35,000	\$13,300			\$1,794
<b>Total</b>				<u>\$385,933</u>				<u>\$12,925</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)