

**CENTRAL REGION  
MEDIUM COW/CALF BUDGET**

BREED HERD SIZE 130 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 83%  
 CULL RATE 15% REPLACEMENT HEIFER'S KEPT 19.5

**VALUE OF PRODUCTION**

	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	54	515	\$1.21	\$33,619	\$258.61	
HEIFER CALVES	34	495	\$1.11	\$18,929	\$145.60	
CULL COWS	20	900	\$0.54	\$9,477	\$72.90	
CULL BULLS	1	1200	\$0.61	\$732	\$5.63	
<b>TOTAL</b>	<b>109</b>			<b>\$62,756</b>	<b>\$482.74</b>	

**VARIABLE COSTS**

	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
<b>1. FEED COSTS</b>						
HAY	TON	28.00	\$140	\$3,920	\$30.15	
STATE	AUY	30.0%	\$25.08	\$0	\$0.00	
FEDERAL LEASE	AUY	40.0%	\$16.20	\$2,106	\$16.20	
PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$144.00	\$18,720	\$144.00	
SALT & MINERAL	TON	4.00	\$230	\$920	\$7.08	
PROTEIN SUPP	TON	6.00	\$350	\$2,100	\$16.15	
OTHER		0.00	\$0	\$0	\$0.00	
<b>TOTAL</b>				<b>\$27,766</b>	<b>\$213.58</b>	

**2. OTHER VARIABLE COSTS**

	COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE	\$1,560	\$12.00	
LIVESTOCK HAULING	\$572	\$4.40	
HIRED LABOR	\$0	\$0.00	
OPERATING COSTS-EQUIP & MACH	\$1,030	\$7.92	
OPERATING COSTS-VEHICLE	\$1,545	\$11.88	
RANCH MAINTENANCE	\$1,800	\$13.85	
BEEF CHECKOFF	\$88	\$0.68	
PURCHASED LIVESTOCK	\$7,000	\$53.85	
<b>TOTAL</b>	<b>\$13,595</b>	<b>\$104.58</b>	

**3. INTEREST ON VARIABLE COSTS**

	VALUE PER COW	NEW VALUE
SUM OF VARIABLE COSTS X MONTHS BORROWED		
X INTEREST RATE PER MONTH		
ANNUAL INTEREST RATE	7.5%	
NUMBER OF MONTHS BORROWED	6	
	\$1,551	\$11.93
<b>TOTAL</b>	<b>\$42,912</b>	<b>\$330.09</b>
<b>TOTAL</b>	<b>\$19,844</b>	<b>\$152.65</b>

**OWNERSHIP COSTS**

	Annual Capital Recovery <sup>4</sup> (At Replacement Value):	Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW	NEW VALUE
<b>CASH COSTS</b>				
Taxes & Insurance		\$4,838	\$37.22	
Overhead		\$2,100	\$16.15	
<b>Total</b>		<b>\$6,938</b>	<b>\$53.37</b>	
<b>NON CASH COSTS</b>				
Purchased Livestock		\$4,338	\$33.37	
Machinery & Equipment		\$4,673	\$35.94	
Housing & Improvements		\$6,366	\$48.97	
Interest on Retained Livestock <sup>6</sup>		\$8,329	\$64.07	
Management & Operation Labor ( 6% of gross returns)		\$3,765	\$28.96	
<b>Total</b>		<b>\$27,472</b>	<b>\$211.32</b>	
<b>TOTAL FIXED COSTS</b>		<b>\$34,410</b>	<b>\$264.69</b>	
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$49,850</b>	<b>\$383.46</b>	
<b>TOTAL COSTS</b>		<b>\$77,322</b>	<b>\$594.78</b>	
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$12,906</b>	<b>\$99.28</b>	
<b>RETURN ABOVE TOTAL COSTS</b>		<b>(\$14,565)</b>	<b>(\$112.04)</b>	

**BREAKEVEN CALCULATIONS**

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$78.75	\$91.49
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$78.75	\$141.90

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.

**CENTRAL MOUNTAIN 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
750	Acres of private land	\$200	3.9%	\$150,000	\$150,000			\$116.25
176	AU Values <sup>1</sup>	\$3,000	3.9%	\$526,500	\$526,500			
<b>Sub Totals</b>				\$676,500				
Number	Buildings, Improvements	Price Per Unit						
2	Miles of pipeline	\$2,000	3.9%	\$4,000	\$400	25	100	\$244
1	Wells	\$13,000	3.9%	\$13,000	\$1,300	25	100	\$792
18	Miles of Fence	\$4,000	3.9%	\$72,000	\$7,200	25	100	\$4,385
1	Corrals/Working Facilities	\$5,000	3.9%	\$5,000	\$500	30	100	\$277
1	Barns & Shop	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
<b>Sub Totals</b>				\$104,000				\$6,366
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
0	3/4 ton pickup 4WD	\$30,000	7.5%	\$0	\$0	7	50	\$0
0	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	\$5,000	7.5%	\$5,000	\$1,000	10	100	\$658
1	Misc. equipment	\$2,500	7.5%	\$2,500	\$500	10	100	\$329
<b>Sub Total</b>				\$44,000				\$4,673
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
6	Horses	\$2,500	6.5%	\$15,000	\$5,700	10	100	\$1,664
7	Bulls	\$2,000	6.5%	\$13,000	\$4,940	4	100	\$2,674
30	Cows	\$1,100.00	6.5%	\$33,000	\$12,540	8	100	\$4,175
<b>53</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$28,000				\$4,338
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
130	Cows	\$1,100	6.5%	\$143,000	\$54,340			\$7,330
20	Replacement Heifers	\$1,000	6.5%	\$19,500	\$7,410			\$1,000
<b>145</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$162,500	\$61,750			\$8,329
<b>Total</b>				<u>\$1,015,000</u>				<u>\$19,368</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)