

**CENTRAL REGION
SMALL COW/CALF BUDGET**

BREED HERD SIZE 33 COW to BULL 20 CALF CROP PERCENT¹ 80%
 CULL RATE 15% REPLACEMENT HEIFER'S KEPT 4.875

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	13	515	\$1.12	\$7,472	\$229.90	
HEIFER CALVES	8	495	\$1.06	\$4,263	\$131.18	
CULL COWS	5	900	\$0.49	\$2,150	\$66.15	
CULL BULLS	1	1200	\$0.56	\$672	\$20.68	
TOTAL	27			\$14,557	\$447.90	

VARIABLE COSTS

1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
HAY	TON	5.00	\$150	\$750	\$23.08	
STATE	AUY	0.0%	\$25.08	\$0	\$0.00	
FEDERAL LEASE	AUY	50.0%	\$16.20	\$527	\$16.20	
PRIVATE(Owned)	AUY	50.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$96.00	\$3,120	\$96.00	
SALT & MINERAL	TON	2.00	\$245	\$490	\$15.08	
PROTEIN SUPP	TON	3.00	\$300	\$900	\$27.69	
OTHER		0.00	\$0	\$0	\$0.00	
TOTAL				\$5,787	\$178.05	

2. OTHER VARIABLE COSTS

	COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE	\$390	\$12.00	
LIVESTOCK HAULING	\$142	\$4.36	
HIRED LABOR	\$0	\$0.00	
OPERATING COSTS-EQUIP & MACH	\$515	\$15.85	
OPERATING COSTS-VEHICLE	\$1,030	\$31.69	
RANCH MAINTENANCE	\$1,030	\$31.69	
BEEF CHECKOFF	\$21	\$0.65	
PURCHASED LIVESTOCK	\$8,800	\$270.77	
TOTAL	\$11,928	\$367.01	

3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED			
X INTEREST RATE PER MONTH			
ANNUAL INTEREST RATE	6.5%		
NUMBER OF MONTHS BORROWED	6	VALUE PER COW	
		\$576	\$17.71
TOTAL		\$18,290	\$562.77
		(\$3,733)	(\$114.87)

OWNERSHIP COSTS

	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS				
Taxes & Insurance		\$3,560	\$109.55	
Overhead		\$2,100	\$64.62	
		\$5,660	\$174.17	
NON CASH COSTS				
Purchased Livestock		\$1,410	\$43.37	
Machinery & Equipment		\$3,560	\$109.55	
Housing & Improvements		\$3,205	\$98.62	
Interest on Retained Livestock ⁶		\$1,602	\$49.29	
Management & Operation Labor (6% of gross returns)		-\$3,733	(\$114.87)	
		\$6,043	\$185.95	
TOTAL FIXED COSTS		\$11,704	\$360.12	
TOTAL CASH AND VARIABLE COSTS		\$23,951	\$736.94	
TOTAL COSTS		\$29,994	\$922.89	
RETURN ABOVE TOTAL CASH COSTS		(\$9,394)	(\$289.04)	
RETURN ABOVE TOTAL COSTS		(\$15,437)	(\$474.99)	

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$139.30	\$182.41
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$139.30	\$228.44

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 SMALL RANCH INVESTMENTS

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value
100	Acres of private land	\$900	3.9%	\$90,000	\$90,000
34	AU Values ¹	\$3,000	3.9%	\$101,250	\$101,250
Sub Totals				\$191,250	

Number	Buildings, Improvements	Price Per Unit			
0.5	Miles of pipeline	\$2,000	3.9%	\$1,000	\$100
1	Wells	\$13,000	3.9%	\$13,000	\$1,300
10	Miles of Fence	\$2,500	3.9%	\$25,000	\$2,500
1	Corrals/Working Facilities	\$5,000	3.9%	\$5,000	\$500
1	Barns & Shop	\$10,000	3.9%	\$10,000	\$1,000
Sub Totals				\$54,000	

Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull
1	3/4 ton pickup 4WD	\$28,000	6.5%	\$28,000	\$5,600
0	3/4 ton pickup 4WD	\$30,000	6.5%	\$0	\$0
0	Tractor	\$5,000	6.5%	\$0	\$0
1	Gooseneck trailer	\$4,500	6.5%	\$4,500	\$900
1	Horse tack	\$3,500	6.5%	\$3,500	\$700
1	Misc. equipment	\$1,500	6.5%	\$1,500	\$300
Sub Total				\$37,500	

Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull
3	Horses	\$1,500	6.5%	\$4,500	\$1,710
1	Bulls	\$2,000	6.5%	\$2,500	\$950
5	Total AUUs				
Sub Total				\$7,000	

Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull
25	Cows	\$1,100	6.5%	\$27,500	\$10,450
4	Replacement Heifers	\$1,000	6.5%	\$3,750	\$1,425
28	Total AUUs				
Sub Total				\$31,250	\$11,875

Total \$321,000

1) The interest rate of 3.9% used to calculate the capital recovery cost is the USDA-ERS's ten year average long 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)

Useful Life	Livestock Share	Annual Capital Recovery
25	100	\$61
25	100	\$792
25	100	\$1,523
30	100	\$277
30	100	\$553
		\$3,205
7	50	\$2,224
7	50	\$0
7	100	\$0
7	100	\$715
10	100	\$435
10	100	\$186
		\$3,560
10	100	\$499
4	100	\$514
		\$1,013
		Interest on Investment
		\$1,410
		\$192
		\$1,602
		\$8,367

run rate of return to