

**NORTHEAST REGION
LARGE COW/CALF BUDGET**

	BREED HERD SIZE	210	COW to BULL	20	CALF CROP PERCENT ¹	87%	REPLACEMENT HEIFER'S KEPT	31.5
VALUE OF PRODUCTION								
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>		<u>NEW VALUE</u>	
STEER CALVES	91	550	\$1.25	\$62,803	\$299.06			
HEIFER CALVES	60	515	\$1.20	\$36,987	\$176.13			
CULL COWS	37	1000	\$0.58	\$21,460	\$102.19			
CULL BULLS	1	1400	\$0.65	\$910	\$4.33			
TOTAL	189			\$122,160	\$581.72			
VARIABLE COSTS								
1. FEED COSTS								
	<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>		<u>NEW VALUE</u>	
HAY	TON	16.00	\$140	\$2,240	\$10.67			
STATE	AUY	20.0%	\$25.08	\$0	\$0.00			
FEDERAL LEASE	AUY	40.0%	\$16.20	\$3,402	\$16.20			
PRIVATE(Owned)	AUY	40.0%	\$0.00	\$0	\$0.00			
PRIVATE(Leased Grazing)	AUY	0.0%	\$144.00	\$30,240	\$144.00			
SALT & MINERAL	TON	4.00	\$230	\$920	\$4.38			
PROTEIN SUPP	TON	8.00	\$350	\$2,800	\$13.33			
OTHER		0.00	\$0	\$0	\$0.00			
TOTAL				\$39,602	\$188.58			
2. OTHER VARIABLE COSTS								
				<u>COST</u>				
VET AND MEDICINE				\$2,625	\$12.50			
LIVESTOCK HAULING				\$993	\$4.73			
HIRED LABOR				\$0	\$0.00			
OPERATING COSTS-EQUIP & MACH				\$2,200	\$10.48			
OPERATING COSTS-VEHICLE				\$2,900	\$13.81			
RANCH MAINTENANCE				\$2,450	\$11.67			
BEEF CHECKOFF				\$151	\$0.72			
PURCHASED LIVESTOCK				\$8,500	\$40.48			
TOTAL				\$19,820	\$94.38			
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		
INTEREST COSTS				\$2,228	\$10.61			
TOTAL VARIABLE COSTS				\$61,650	\$293.57			
RETURN ABOVE VARIABLE COSTS				\$60,511	\$288.15			
OWNERSHIP COSTS								
CASH COSTS	Annual Capital Recovery ⁴ (At Replacement Value):			Represents 65% Asset Ownership		VALUE PER COW	NEW VALUE	
				TOTAL				
Taxes & Insurance				\$8,753	\$41.68			
Overhead				\$2,100	\$10.00			
Total				\$10,853	\$51.68			
NON CASH COSTS								
Purchased Livestock				\$6,816	\$32.45			
Machinery & Equipment				\$8,753	\$41.68			
Housing & Improvements				\$26,021	\$123.91			
Interest on Retained Livestock ⁵				\$13,455	\$64.07			
Management & Operation Labor (6% of gross returns)				\$7,330	\$34.90			
TOTAL NON CASH COSTS				\$62,374	\$297.02			
TOTAL FIXED COSTS				\$73,227	\$348.70			
TOTAL CASH AND VARIABLE COSTS				\$72,503	\$345.25			
TOTAL COSTS				\$134,876	\$642.27			
RETURN ABOVE TOTAL CASH COSTS				\$49,658	\$236.47			
RETURN ABOVE TOTAL COSTS				(\$12,716)	(\$60.55)			
BREAKEVEN CALCULATIONS								
	VARIABLE COSTS	TOTAL COSTS						
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$63.37	\$74.52						
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$63.37	\$138.64						

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.

**NORTHEAST REGION
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
12000	Acres of private land	\$85	3.9%	\$1,020,000	\$1,020,000			
350	AU Values ¹	\$2,500	3.9%	\$875,000	\$875,000			
Sub Totals				\$1,895,000				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
8	Wells	\$12,000	3.9%	\$96,000	\$9,600	25	100	\$5,847
70	Miles of Fence	\$4,000	3.9%	\$280,000	\$28,000	25	100	\$17,053
1	Corrals/Working Facilities	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Sub Totals				\$430,000				\$26,021
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
1	1ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
0	Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$6,500	7.5%	\$13,000	\$2,600	7	100	\$2,159
1	Horse tack	\$5,000	7.5%	\$5,000	\$1,000	10	100	\$658
1	Misc. equipment	\$6,000	7.5%	\$6,000	\$1,200	10	100	\$789
Sub Total				\$86,000				\$8,753
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
9	Horses	\$2,500	6.5%	\$22,500	\$8,550	10	100	\$2,496
11	Bulls	\$2,000	6.5%	\$21,000	\$7,980	4	100	\$4,319
70	Cows	\$1,100.00	6.5%	\$77,000	\$29,260	8	100	\$9,743
112	Total AUYS							
Sub Total				\$43,500				\$6,816
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
210	Cows	\$1,100	6.5%	\$231,000	\$87,780			\$11,840
32	Replacement Heifers	\$1,000	6.5%	\$31,500	\$11,970			\$1,615
234	Total AUYS							
Sub Total				\$262,500	\$99,750			\$13,455
Total				<u>\$2,717,000</u>				<u>\$48,229</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)