

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

BREED HERD SIZE	330	COW to BULL	20	CALF CROP PERCENT ¹	87%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	49.5

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	
						NEW VALUE
STEER CALVES	144	550	\$1.25	\$98,691	\$299.06	
HEIFER CALVES	94	515	\$1.20	\$58,123	\$176.13	
CULL COWS	37	1000	\$0.58	\$21,460	\$65.03	
CULL BULLS	1	1200	\$0.65	\$780	\$2.36	
TOTAL	276			\$179,054	\$542.59	

VARIABLE COSTS

1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	
						NEW VALUE
HAY	TON	66.00	\$140	\$9,240	\$28.00	
STATE	AUY	30.0%	\$25.08	\$0	\$0.00	
FEDERAL LEASE	AUY	7.0%	\$16.20	\$5,346	\$16.20	
PRIVATE(Owned)	AUY	55.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$144.00	\$47,520	\$144.00	
SALT & MINERAL	TON	7.00	\$230	\$1,610	\$4.88	
PROTEIN SUPP	TON	15.00	\$350	\$5,250	\$15.91	
OTHER		0.00	\$0	\$0	\$0.00	
TOTAL				\$68,966	\$208.99	

2. OTHER VARIABLE COSTS

	COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE	\$4,125	\$12.50	
LIVESTOCK HAULING	\$1,447	\$4.38	
HIRED LABOR	\$0	\$0.00	
OPERATING COSTS-EQUIP & MACH	\$3,500	\$10.61	
OPERATING COSTS-VEHICLE	\$4,000	\$12.12	
RANCH MAINTENANCE	\$3,350	\$10.15	
BEEF CHECKOFF	\$238	\$0.72	
LIVESTOCK PURCHASES	\$6,500	\$19.70	
TOTAL	\$23,160	\$70.18	

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	
		\$3,455	\$10.47
		\$95,580	\$289.64
TOTAL		\$83,473	\$252.95

OWNERSHIP COSTS

	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS				
Taxes & Insurance		\$13,416	\$40.65	
Overhead		\$2,100	\$6.36	
Total		\$15,516	\$47.02	
NON CASH COSTS				
Purchased Livestock		\$10,393	\$31.49	
Machinery & Equipment		\$13,416	\$40.65	
Housing & Improvements		\$34,724	\$105.22	
Interest on Retained Livestock ⁶		\$21,144	\$64.07	
Management & Operation Labor (6% of gross returns)		\$5,008	\$15.18	
Total		\$84,685	\$256.62	

TOTAL FIXED COSTS	\$100,201	\$303.64	
TOTAL CASH AND VARIABLE COSTS	\$111,096	\$336.66	
TOTAL COSTS	\$195,781	\$593.28	
RETURN ABOVE TOTAL CASH COSTS	\$67,957	\$205.93	
RETURN ABOVE TOTAL COSTS	(\$16,728)	(\$50.69)	

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$62.52	\$72.67
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$62.52	\$128.06

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
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
15000	Acres of private land	\$85	3.9%	\$1,275,000	\$1,275,000			
500	AU Values ¹	\$2,500	3.9%	\$1,250,000	\$1,250,000			
Sub Totals				\$2,525,000				
Number	Buildings, Improvements	Price Per Unit						
16	Miles of pipeline	\$2,000	3.9%	\$32,000	\$3,200	25	100	\$1,949
10	Wells	\$12,000	3.9%	\$120,000	\$12,000	25	100	\$7,308
95	Miles of Fence	\$4,000	3.9%	\$380,000	\$38,000	25	100	\$23,143
2	Corrals/Working Facilities	\$12,000	3.9%	\$24,000	\$2,400	30	100	\$1,328
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Sub Totals				\$574,000				\$34,724
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$30,000	7.5%	\$60,000	\$12,000	7	50	\$4,981
1	1 ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
3	Gooseneck trailer	\$6,500	7.5%	\$19,500	\$3,900	7	100	\$3,238
1	Horse tack	\$6,000	7.5%	\$6,000	\$1,200	10	100	\$789
1	Misc. equipment	\$7,000	7.5%	\$7,000	\$1,400	10	100	\$921
Sub Total				\$129,500				\$13,416
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
13	Horses	\$2,500	6.5%	\$32,500	\$12,350	10	100	\$3,606
17	Bulls	\$2,000	6.5%	\$33,000	\$12,540	4	100	\$6,787
90	Cows	\$1,100.00	6.5%	\$99,000	\$37,620	8	100	\$12,526
149	Total AUYS							
Sub Total				\$65,500				\$10,393
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
330	Cows	\$1,100	6.5%	\$363,000	\$137,940			\$18,606
50	Replacement Heifers	\$1,000	6.5%	\$49,500	\$18,810			\$2,537
367	Total AUYS							
Sub Total				\$412,500	\$156,750			\$21,144
Total				<u>\$3,706,500</u>				<u>\$69,283</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)