

**NORTHEAST REGION
EX-LARGE STOCKER BUDGET**

HERD SIZE **1600** DEATH LOSS PERCENT¹ 3%

VALUE OF PRODUCTION

	VALUE OF PRODUCTION			VALUE PER HEAD		NEW VALUE
	QUANTITY	WEIGHT	PRICE ²	VALUE		
STEER CALVES	1552	750	\$1.02	\$1,187,280	\$742.05	
TOTAL	1552			\$1,187,280	\$742.05	

VARIABLE COSTS

		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER HEAD	NEW VALUE
1. FEED COSTS							
	HAY	TON	0.00	\$140	\$0	\$0.00	
	STATE	AUY	0.0%	\$0.00	\$0	\$0.00	
	FEDERAL LEASE	AUY	0.0%	\$0.00	\$0	\$0.00	
	PRIVATE(Owned)	AUY	100.0%	\$16.25	\$104,000	\$65.00	
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	
	SALT & MINERAL	TON	24.00	\$128	\$3,072	\$1.92	
	PROTEIN SUPP	TON	0.00	\$350	\$0	\$0.00	
	OTHER		0.00	\$0	\$0	\$0.00	
	TOTAL				\$107,072	\$66.92	
2. OTHER VARIABLE COSTS							
	VET AND MEDICINE				\$20,000	\$12.50	
	LIVESTOCK HAULING				\$0	\$0.00	
	HIRED LABOR				\$5,000	\$3.13	
	OPERATING COSTS-EQUIP & MACH				\$3,500	\$2.19	
	OPERATING COSTS-VEHICLE				\$4,000	\$2.50	
	RANCH MAINTENANCE				\$3,350	\$2.09	
	BEEF CHECKOFF				\$1,552	\$0.97	
	LIVESTOCK PURCHASES				\$972,000	\$607.50	
	TOTAL				\$1,009,402	\$630.88	
3. INTEREST ON VARIABLE COSTS							
	SUM OF VARIABLE COSTS X MONTHS BORROWED						
	X INTEREST RATE PER MONTH						
	ANNUAL INTEREST RATE				8.0%		
	NUMBER OF MONTHS BORROWED				6	VALUE PER HEAD	
					\$44,659	\$27.91	
	TOTAL				\$1,161,133	\$725.71	
	RETURN				\$26,147	\$16.34	

OWNERSHIP COSTS

		Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER HEAD	NEW VALUE
CASH COSTS					
	Taxes & Insurance			\$15,907	\$9.94
	Overhead			\$2,100	\$1.31
	Total			\$18,007	\$11.25
NON CASH COSTS					
	Purchased Livestock			\$0	\$0.00
	Machinery & Equipment			\$0	\$0.00
	Housing & Improvements			\$0	\$0.00
	Interest on Retained Livestock ⁶			\$0	\$0.00
	Management & Operation Labor (6% of gross returns)			\$71,237	\$44.52
	Total			\$71,237	\$44.52
	TOTAL FIXED COSTS			\$89,243	\$55.78
	TOTAL CASH AND VARIABLE COSTS			\$1,179,140	\$736.96
	TOTAL COSTS			\$1,250,376	\$781.49
	RETURN ABOVE TOTAL CASH COSTS			\$8,140	\$5.09
	RETURN ABOVE TOTAL COSTS			(\$63,096)	(\$39.44)

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$6,450.74	\$6,550.78
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$6,450.74	\$6,946.54

1) Death loss indicates those calves which were turned out but were not accounted for when removed from the pasture

2) Prices represent 2006 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
90000	Acres of private land	\$85	3.9%	\$7,650,000	\$7,650,000			
500	AU Values ¹	\$2,500	3.9%	\$1,250,000	\$1,250,000			

Sub Totals \$8,900,000

Number	Buildings, Improvements	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
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	Useful Life	Livestock Share	Annual Capital Recovery
3	3/4 ton pickup 4WD	\$30,000	7.5%	\$90,000	\$18,000	7	50	\$7,472
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 \$159,500

\$15,907

Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
13	Horses	\$2,500	6.5%	\$32,500	\$12,350	10	100	\$3,606
0	Bulls	\$2,000	6.5%	\$0	\$0	4	100	\$0
0	Cows	\$1,100.00	6.5%	\$0	\$0	8	100	\$0

Sub Total \$32,500

\$3,606

Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
1600	Stockers	\$1,100	6.5%	\$1,760,000	\$668,800			\$90,213
0	Replacement Heifers	\$1,000	6.5%	\$0	\$0			\$0
1600	Total AUYS							

Sub Total \$1,760,000 \$668,800

\$90,213

Total #####

\$140,843

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)