

**CENTRAL REGION
LARGE COW/CALF BUDGET**

BREED HERD SIZE 228 COW to BULL 20 CALF CROP PERCENT¹ 85%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 34

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	97	515	\$1.15	\$57,263	\$251.71	
HEIFER CALVES	63	495	\$1.08	\$33,446	\$147.02	
CULL COWS	34	900	\$0.48	\$14,742	\$64.80	
CULL BULLS	1	1200	\$0.55	\$660	\$2.90	
TOTAL	194			\$106,111	\$466.42	

VARIABLE COSTS

1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
HAY	TON	45.50	\$140	\$6,370	\$28.00	
STATE	AUY	20.0%	\$33.36	\$0	\$0.00	
FEDERAL LEASE	AUY	40.0%	\$18.12	\$4,122	\$18.12	
PRIVATE(Owned)	AUY	40.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	
SALT & MINERAL	TON	6.00	\$240	\$1,440	\$6.33	
PROTEIN SUPP	TON	11.00	\$365	\$4,015	\$17.65	
OTHER		0.00	\$0	\$0	\$0.00	
TOTAL				\$15,947	\$70.10	

2. OTHER VARIABLE COSTS

	COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE	\$2,901	\$12.75	
LIVESTOCK HAULING	\$1,020	\$4.49	
HIRED LABOR	\$0	\$0.00	
OPERATING COSTS-EQUIP & MACH	\$1,648	\$7.24	
OPERATING COSTS-VEHICLE	\$2,137	\$9.39	
RANCH MAINTENANCE	\$2,781	\$12.22	
BEEF CHECKOFF	\$159	\$0.70	
PURCHASED LIVESTOCK	\$8,000	\$35.16	
TOTAL	\$18,647	\$81.96	

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	
		\$1.297	\$5.70
TOTAL		\$35,891	\$157.76
TOTAL		\$70,220	\$308.66

OWNERSHIP COSTS

	Annual Capital Recovery ⁴ (At Replacement Valve):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS				
Taxes & Insurance		\$11,301	\$49.67	
Overhead		\$2,200	\$9.67	
Total		\$13,501	\$59.34	
NON CASH COSTS				
Purchased Livestock		\$7,453	\$32.76	
Machinery & Equipment		\$11,001	\$48.36	
Housing & Improvements		\$14,195	\$62.40	
Interest on Retained Livestock ⁶		\$14,576	\$64.07	
Management & Operation Labor (6% of gross returns)		\$6,367	\$27.99	
Total		\$53,592	\$235.57	
TOTAL FIXED COSTS		\$67,093	\$294.91	
TOTAL CASH AND VARIABLE COSTS		\$49,392	\$217.11	
TOTAL COSTS		\$102,984	\$452.68	
RETURN ABOVE TOTAL CASH COSTS		\$56,719	\$249.31	
RETURN ABOVE TOTAL COSTS		\$3,127	\$13.74	

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$36.75	\$50.58
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$36.75	\$105.46

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
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
1500	Acres of private land	\$200	3.9%	\$300,000	\$300,000			
236	AU Values ¹	\$3,000	3.9%	\$708,750	\$708,750			
Sub Totals				\$1,008,750				
Number	Buildings, Improvements	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
4	Miles of pipeline	\$2,000	3.9%	\$8,000	\$800	25	100	\$487
2	Wells	\$13,000	3.9%	\$26,000	\$2,600	25	100	\$1,583
40	Miles of Fence	\$2,500	3.9%	\$100,000	\$10,000	25	100	\$6,090
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
Sub Totals				\$149,000				\$8,991
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
1	3/4 ton pickup 4WD	\$28,000	6.5%	\$28,000	\$5,600	7	50	\$2,224
1	1 ton pickup 4WD	\$30,000	6.5%	\$30,000	\$6,000	7	50	\$2,383
1	Tractor	\$5,000	6.5%	\$5,000	\$1,000	7	100	\$794
2	Gooseneck trailer	\$4,500	6.5%	\$9,000	\$1,800	7	100	\$1,430
1	Horse tack	\$6,500	6.5%	\$6,500	\$1,300	10	100	\$808
1	Misc. equipment	\$3,500	6.5%	\$3,500	\$700	10	100	\$435
Sub Total				\$82,000				\$8,074
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
10	Horses	\$1,500	6.5%	\$15,000	\$5,700	10	100	\$1,664
9	Bulls	\$2,000	6.5%	\$17,500	\$6,650	4	100	\$3,599
23	Total AUYS							
Sub Total				\$32,500				\$5,264
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
175	Cows	\$1,100	6.5%	\$192,500	\$73,150			\$9,867
26	Replacement Heifers	\$1,000	6.5%	\$26,250	\$9,975			\$1,346
195	Total AUYS							
Sub Total				\$218,750	\$83,125			\$11,213
Total				<u>\$1,491,000</u>				<u>\$28,277</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)