

**NORTHEAST REGION  
MEDIUM COW/CALF BUDGET**

BREED HERD SIZE **140** COW to BULL **20** CALF CROP PERCENT<sup>1</sup> **85%**  
 CULL RATE **15%** REPLACEMENT HEIFER'S KEPT **21**

**VALUE OF PRODUCTION**

	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE<sup>2</sup></u>	<u>VALUE</u>	<u>VALUE PER COW</u>
STEER CALVES	60	550	\$1.19	\$38,943	\$278.16
HEIFER CALVES	39	515	\$1.14	\$22,603	\$161.45
CULL COWS	37	900	\$0.52	\$17,316	\$123.69
CULL BULLS	1	1200	\$0.59	\$708	\$5.06
<b>TOTAL</b>	<b>136</b>			<b>\$79,570</b>	<b>\$568.36</b>

**VARIABLE COSTS**

		<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>
<b>1. FEED COSTS</b>						
	HAY	TON	12.00	\$140	\$1,680	\$12.00
	BLM	AUY	0.0%	\$18.12	\$0	\$0.00
	STATE	AUY	17.0%	\$33.36	\$794	\$5.67
	FEDERAL LEASE	AUY	30.0%	\$16.20	\$2,268	\$16.20
	PRIVATE(Owned)	AUY	53.0%	\$0.00	\$0	\$0.00
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
	SALT & MINERAL	TON	3.00	\$240	\$720	\$5.14
	PROTEIN SUPP	TON	4.00	\$365	\$1,460	\$10.43
	OTHER		0.00	\$0	\$0	\$0.00
	<b>TOTAL</b>				<b>\$6,922</b>	<b>\$49.44</b>
<b>2. OTHER VARIABLE COSTS</b>						
	VET AND MEDICINE				\$1,785	\$12.75
	LIVESTOCK HAULING				\$680	\$4.86
	HIRED LABOR				\$0	\$0.00
	OPERATING COSTS-EQUIP & MACH				\$1,391	\$9.93
	OPERATING COSTS-VEHICLE				\$3,090	\$22.07
	RANCH MAINTENANCE				\$2,163	\$15.45
	BEEF CHECKOFF				\$98	\$0.70
	PURCHASED LIVESTOCK				\$7,000	\$50.00
	<b>TOTAL</b>				<b>\$16,207</b>	<b>\$115.76</b>
<b>3. INTEREST ON VARIABLE COSTS</b>						
	SUM OF VARIABLE COSTS X MONTHS BORROWED					
	X INTEREST RATE PER MONTH					
	ANNUAL INTEREST RATE				7.5%	
	NUMBER OF MONTHS BORROWED				6	<b>VALUE PER COW</b>
					\$867	HIGH \$6.20
	<b>TOTAL</b>				<b>\$23,996</b>	<b>\$171.40</b>
	<b>TOTAL</b>				<b>\$55,574</b>	<b>\$396.96</b>

**OWNERSHIP COSTS**

		Annual Capital Recovery <sup>4</sup> (At Replacement Value):	Represents 65% Asset Ownership	<b>VALUE PER COW</b>
<b>CASH COSTS</b>				
	Taxes & Insurance		\$4,688	\$33.49
	Overhead		\$2,000	\$14.29
	<b>Total</b>		<b>\$6,688</b>	<b>\$47.77</b>
<b>NON CASH COSTS</b>				
	Purchased Livestock		\$4,544	\$32.45
	Machinery & Equipment		\$4,688	\$33.49
	Housing & Improvements		\$19,443	\$138.88
	Interest on Retained Livestock		\$8,970	\$64.07
	Management & Operation Labor ( 6% of gross returns)		\$4,774	\$34.10
	<b>Total</b>		<b>\$42,419</b>	<b>\$302.99</b>
	<b>TOTAL FIXED COSTS</b>		<b>\$49,107</b>	<b>\$350.77</b>
	<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$30,684</b>	<b>\$219.17</b>
	<b>TOTAL COSTS</b>		<b>\$73,103</b>	<b>\$522.16</b>
	<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$48,886</b>	<b>\$349.19</b>
	<b>RETURN ABOVE TOTAL COSTS</b>		<b>\$6,467</b>	<b>\$46.19</b>

**BREAKEVEN CALCULATIONS**

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$37.87	\$48.42
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$37.87	\$115.36

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 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  
MEDIUM 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
7000	Acres of private land	\$85	3.9%	\$595,000	\$595,000			
200	AU Values <sup>1</sup>	\$2,500	3.9%	\$500,000	\$500,000			
<b>Sub Totals</b>				\$1,095,000				
Number	Buildings, Improvements	Price Per Unit						
10	Miles of pipeline	\$2,000	3.9%	\$20,000	\$2,000	25	100	\$1,218
6	Wells	\$12,000	3.9%	\$72,000	\$7,200	25	100	\$4,385
50	Miles of Fence	\$2,500	3.9%	\$125,000	\$12,500	25	100	\$7,613
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
<b>Sub Totals</b>				\$247,000				\$14,876
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$28,000	6.5%	\$28,000	\$5,600	7	50	\$2,224
0	1 ton pickup 4WD	\$35,000	6.5%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	6.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$4,500	6.5%	\$4,500	\$900	7	100	\$715
1	Horse tack	\$3,500	6.5%	\$3,500	\$700	10	100	\$435
1	Misc. equipment	\$5,000	6.5%	\$5,000	\$1,000	10	100	\$621
<b>Sub Total</b>				\$41,000				\$3,995
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
6	Horses	\$1,500	6.5%	\$9,000	\$3,420	10	100	\$999
4	Bulls	\$2,000	6.5%	\$8,000	\$3,040	4	100	\$1,645
13	<b>Total AUYS</b>							
<b>Sub Total</b>				\$17,000				\$2,644
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
80	Cows	\$1,100	6.5%	\$88,000	\$33,440			\$4,511
12	Replacement Heifers	\$1,000	6.5%	\$12,000	\$4,560			\$615
89	<b>Total AUYS</b>							
<b>Sub Total</b>				\$100,000	\$38,000			\$5,126
<b>Total</b>				<u>\$1,500,000</u>				<u>\$23,997</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)