

**NORTHWEST REGION
MEDIUM COW/CALF BUDGET**

BREED HERD SIZE	140	COW to BULL	20	CALF CROP PERCENT ¹	84%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	21

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	59	510	\$1.14	\$34,186	\$244.19	
HEIFER CALVES	38	485	\$1.08	\$19,800	\$141.43	
CULL COWS	37	900	\$0.47	\$15,651	\$111.79	
CULL BULLS	1	1200	\$0.54	\$648	\$4.63	
TOTAL	135			\$70,285	\$502.04	

VARIABLE COSTS

	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
1. FEED COSTS						
HAY	TON	28.00	\$140.00	\$3,920	\$28.00	
STATE	AUY	45.0%	\$33.36	\$2,102	\$15.01	
FEDERAL LEASE	AUY	35.0%	\$18.12	\$2,537	\$18.12	
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	
SALT & MINERAL	TON	2.50	\$240.00	\$600	\$4.29	
PROTEIN SUPP	TON	3.00	\$365.00	\$1,095	\$7.82	
OTHER		0.00	\$0.00	\$0	\$0.00	
TOTAL				\$10,253	\$73.24	
2. OTHER VARIABLE COSTS						
VET AND MEDICINE				\$1,785	\$12.75	
LIVESTOCK HAULING				\$707	\$5.05	
HIRED LABOR				\$0	\$0.00	
OPERATING COSTS-EQUIP & MACH				\$2,575	\$18.39	
OPERATING COSTS-VEHICLE				\$2,575	\$18.39	
RANCH MAINTENANCE				\$2,266	\$16.19	
BEEF CHECKOFF				\$97	\$0.69	
OTHER				\$4,000	\$28.57	
TOTAL				\$14,004	\$100.03	
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 HIGH
				\$910	\$6.50	
TOTAL				\$25,167	\$179.77	
				\$45,118	\$322.27	

OWNERSHIP COSTS

	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS				
Taxes & Insurance		\$5,518	\$39.42	
Overhead		\$2,163	\$15.45	
Total		\$7,681	\$54.87	
NON CASH COSTS				
Purchased Livestock		\$5,098	\$36.42	
Machinery & Equipment		\$5,518	\$39.42	
Housing & Improvements		\$14,355	\$102.54	
Interest on Retained Livestock ⁶		\$8,970	\$64.07	
Management & Operation Labor (6% of gross returns)		\$4,217	\$30.12	
Total		\$38,159	\$272.57	
TOTAL FIXED COSTS		\$45,840	\$327.43	
TOTAL CASH AND VARIABLE COSTS		\$32,849	\$234.63	
TOTAL COSTS		\$71,008	\$507.20	
RETURN ABOVE TOTAL CASH COSTS		\$37,436	\$267.40	
RETURN ABOVE TOTAL COSTS		(\$723)	(\$5.16)	

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$43.02	\$56.15
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$43.02	\$121.37

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.

**NORTHWEST 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
4000	Acres of private land	\$80	3.9%	\$320,000	\$320,000			
200	AU Values ¹	\$2,400	3.9%	\$480,000	\$480,000			
Sub Totals				\$800,000				
Number	Buildings, Improvements	Price Per Unit						
10	Miles of pipeline	\$2,000	3.9%	\$20,000	\$2,000	25	100	\$1,218
3	Wells	\$11,000	3.9%	\$33,000	\$3,300	25	100	\$2,010
40	Miles of Fence	\$2,500	3.9%	\$100,000	\$10,000	25	100	\$6,090
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
Sub Totals				\$178,000				\$10,701
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$28,000	6.5%	\$28,000	\$5,600	7	50	\$2,224
0	3/4 ton pickup 4WD	\$30,000	6.5%	\$0	\$0	7	50	\$0
1	Tractor	\$5,000	6.5%	\$5,000	\$1,000	7	100	\$794
1	Gooseneck trailer	\$4,000	6.5%	\$4,000	\$800	7	100	\$635
1	Horse tack	\$4,000	6.5%	\$4,000	\$800	10	100	\$497
1	Misc. equipment	\$4,500	6.5%	\$4,500	\$900	10	100	\$559
Sub Total				\$45,500				\$4,710
Head	Purchased Livestock	Price Per Unit	Interest Rate ⁴	Price	Salvage/Cull			
8	Horses	\$1,500	6.5%	\$12,000	\$4,560	10	100	\$1,331
4	Bulls	\$2,000	6.5%	\$8,000	\$3,040	4	100	\$1,645
15	Total AUYS							
Sub Total				\$20,000				\$2,977
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	Total AUYS							
Sub Total				\$100,000	\$38,000			\$5,126
Total				<u>\$1,143,500</u>				<u>\$20,537</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)