

**NORTHEAST REGION  
LARGE COW/CALF BUDGET**

BREED HERD SIZE 280 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 87%  
 CULL RATE 15% REPLACEMENT HEIFER'S KEPT 42

VALUE OF PRODUCTION						
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	122	550	\$1.19	\$79,718	\$284.71	
HEIFER CALVES	80	515	\$1.11	\$45,618	\$162.92	
CULL COWS	37	1000	\$0.50	\$18,500	\$66.07	
CULL BULLS	1	1400	\$0.57	\$798	\$2.85	
<b>TOTAL</b>	<b>240</b>			<b>\$144,634</b>	<b>\$516.55</b>	

**VARIABLE COSTS**

1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
HAY	TON	16.00	\$150	\$2,400	\$8.57	
STATE	AUY	20.0%	\$33.36	\$1,868	\$6.67	
FEDERAL LEASE	AUY	40.0%	\$18.12	\$5,074	\$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	4.00	\$265	\$1,060	\$3.79	
PROTEIN SUPP	TON	8.00	\$390	\$3,120	\$11.14	
OTHER		0.00	\$0	\$0	\$0.00	
<b>TOTAL</b>				<b>\$13,522</b>	<b>\$48.29</b>	

2. OTHER VARIABLE COSTS		COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE		\$3,500	\$12.50	
LIVESTOCK HAULING		\$1,318	\$4.71	
HIRED LABOR		\$0	\$0.00	
OPERATING COSTS-EQUIP & MACH		\$2,332	\$8.33	
OPERATING COSTS-VEHICLE		\$3,074	\$10.98	
RANCH MAINTENANCE		\$2,597	\$9.28	
BEEF CHECKOFF		\$202	\$0.72	
PURCHASED LIVESTOCK		\$7,500	\$26.79	
<b>TOTAL</b>		<b>\$20,522</b>	<b>\$73.29</b>	

3. INTEREST ON VARIABLE COSTS		7.25%	6	VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED				
X INTEREST RATE PER MONTH				
ANNUAL INTEREST RATE		7.25%		
NUMBER OF MONTHS BORROWED			6	
<b>INTEREST COSTS</b>		<b>\$1,234</b>	<b>\$4.41</b>	
<b>TOTAL VARIABLE COSTS</b>		<b>\$35,278</b>	<b>\$125.99</b>	
<b>RETURN ABOVE VARIABLE COSTS</b>		<b>\$109,356</b>	<b>\$390.56</b>	

OWNERSHIP COSTS						
CASH COSTS	Annual Capital Recovery <sup>4</sup> (At Replacement Value):	Represents 65% Asset Ownership	VALUE PER COW	NEW VALUE		
		TOTAL				
Taxes & Insurance		\$8,753	\$31.26			
Overhead		\$2,163	\$7.73			
Total		<b>\$10,916</b>	<b>\$38.99</b>			
NON CASH COSTS						
Purchased Livestock		\$8,255	\$29.48			
Machinery & Equipment		\$8,753	\$31.26			
Housing & Improvements		\$26,021	\$92.93			
Interest on Retained Livestock <sup>5</sup>		\$13,204	\$47.16			
Management & Operation Labor ( 6% of gross returns)		\$8,678	\$30.99			
<b>TOTAL NON CASH COSTS</b>		<b>\$64,911</b>	<b>\$231.82</b>			
<b>TOTAL FIXED COSTS</b>		<b>\$75,827</b>	<b>\$270.81</b>			
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$46,194</b>	<b>\$164.98</b>			
<b>TOTAL COSTS</b>		<b>\$111,105</b>	<b>\$396.80</b>			
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$98,440</b>	<b>\$351.57</b>			
<b>RETURN ABOVE TOTAL COSTS</b>		<b>\$33,529</b>	<b>\$119.75</b>			

BREAKEVEN CALCULATIONS			
	VARIABLE COSTS	TOTAL COSTS	
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$27.20	\$35.61	
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$27.20	\$85.65	

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 2008 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  
LARGE RANCH INVESTMENTS**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
12000	Acres of private land	\$85	3.9%	\$1,020,000	\$1,020,000			
350	AU Values <sup>1</sup>	\$2,500	3.9%	\$875,000	\$875,000			
<b>Sub Totals</b>				\$1,895,000				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
8	Wells	\$12,000	3.9%	\$96,000	\$9,600	25	100	\$5,847
70	Miles of Fence	\$4,000	3.9%	\$280,000	\$28,000	25	100	\$17,053
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>				\$430,000				\$26,021
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
1	1ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
0	Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$6,500	7.5%	\$13,000	\$2,600	7	100	\$2,159
1	Horse tack	\$5,000	7.5%	\$5,000	\$1,000	10	100	\$658
1	Misc. equipment	\$6,000	7.5%	\$6,000	\$1,200	10	100	\$789
<b>Sub Total</b>				\$86,000				\$8,753
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
9	Horses	\$2,500	6.5%	\$22,500	\$8,550	10	100	\$2,496
14	Bulls	\$2,000	6.5%	\$28,000	\$10,640	4	100	\$5,759
70	Cows	\$800	6.5%	\$56,000	\$21,280	8	100	\$7,086
<b>116</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$50,500				\$8,255
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>		<b>Interest on Investment</b>	
280	Cows	\$800	6.5%	\$224,000	\$85,120			\$11,482
42	Replacement Heifers	\$800	6.5%	\$33,600	\$12,768			\$1,722
<b>312</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$257,600	\$97,888			\$13,204
<b>Total</b>				<u>\$2,719,100</u>				<u>\$47,978</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)