

**NORTHWEST REGION
LARGE COW/CALF BUDGET**

BREED HERD SIZE		280	COW to BULL		20	CALF CROP PERCENT ¹		83%
CULL RATE		15%				REPLACEMENT HEIFER'S KEPT		42
VALUE OF PRODUCTION								
		<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>		<u>NEW VALUE</u>
STEER CALVES		116	510	\$1.13	\$66,966	\$239.16		_____
HEIFER CALVES		74	485	\$1.05	\$37,786	\$134.95		_____
CULL COWS		37	900	\$0.45	\$14,985	\$53.52		_____
CULL BULLS		1	1200	\$0.52	<u>\$624</u>	<u>\$2.23</u>		_____
TOTAL		228			\$120,361	\$429.86		_____
VARIABLE COSTS								
		<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>		<u>NEW VALUE</u>
1. FEED COSTS								
	HAY	TON	25.00	\$150.00	\$3,750	\$13.39		_____
	STATE	AUY	45.0%	\$33.36	\$4,203	\$15.01		_____
	FEDERAL LEASE	AUY	35.0%	\$18.12	\$5,074	\$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	4.00	\$265.00	\$1,060	\$3.79		_____
	PROTEIN SUPP	TON	4.00	\$390.00	\$1,560	\$5.57		_____
	OTHER		0.00	\$0.00	<u>\$0</u>	<u>\$0.00</u>		_____
					\$15,647	\$55.88		_____
2. OTHER VARIABLE COSTS					<u>COST</u>			
	VET AND MEDICINE				\$3,500	\$12.50		_____
	LIVESTOCK HAULING				\$1,256	\$4.49		_____
	HIRED LABOR				\$9,000	\$32.14		_____
	OPERATING COSTS-EQUIP & MACH				\$3,180	\$11.36		_____
	OPERATING COSTS-VEHICLE				\$4,240	\$15.14		_____
	RANCH MAINTENANCE				\$2,809	\$10.03		_____
	BEEF CHECKOFF				\$190	\$0.68		_____
	OTHER				<u>\$7,500</u>	<u>\$26.79</u>		_____
TOTAL					\$31,676	\$113.13		_____
3. INTEREST ON VARIABLE COSTS								
		SUM OF VARIABLE COSTS X MONTHS BORROWED						
		X INTEREST RATE PER MONTH						
		ANNUAL INTEREST RATE			7.25%			
		NUMBER OF MONTHS BORROWED			6		<u>VALUE PER COW</u>	
					\$1,715	\$6.13		_____
TOTAL					\$49,038	\$175.14		_____
					\$71,323	\$254.73		_____
OWNERSHIP COSTS								
		Annual Capital Recovery ⁴ (At Replacement Valve):			Represents 65% Asset Ownership ⁵		<u>VALUE PER COW</u>	<u>NEW VALUE</u>
CASH COSTS								
	Taxes & Insurance				\$6,096	\$21.77		_____
	Overhead				\$2,163	\$7.73		_____
	Total				<u>\$8,259</u>	<u>\$29.50</u>		_____
NON CASH COSTS								
	Purchased Livestock				\$8,533	\$30.47		_____
	Machinery & Equipment				\$6,096	\$21.77		_____
	Housing & Improvements				\$22,151	\$79.11		_____
	Interest on Retained Livestock ⁶				\$13,204	\$47.16		_____
	Management & Operation Labor (6% of gross returns)				<u>\$4,279</u>	<u>\$15.28</u>		_____
	Total				<u>\$54,263</u>	<u>\$193.80</u>		_____
TOTAL FIXED COSTS					\$62,522	\$223.29		_____
TOTAL CASH AND VARIABLE COSTS					\$57,297	\$204.63		_____
TOTAL COSTS					\$111,560	\$398.43		_____
RETURN ABOVE TOTAL CASH COSTS					\$63,064	\$225.23		_____
RETURN ABOVE TOTAL COSTS					\$8,801	\$31.43		_____
BREAKEVEN CALCULATIONS								
		VARIABLE COSTS	TOTAL COSTS					
	REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$42.41	\$49.56					
	REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$42.41	\$96.49					

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.

**NORTHWEST 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
6,000	Acres of private land	\$80	3.9%	\$480,000	\$480,000			
350	AU Values ¹	\$2,400	3.9%	\$840,000	\$840,000			
Sub Totals				\$1,320,000				
Number	Buildings, Improvements	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
13	Miles of pipeline	\$2,000	3.9%	\$26,000	\$2,600	25	100	\$1,583
5	Wells	\$11,000	3.9%	\$55,000	\$5,500	25	100	\$3,350
65	Miles of Fence	\$4,000	3.9%	\$260,000	\$26,000	25	100	\$15,835
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				\$366,000				\$22,151
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
0	3/4 ton pickup 4WD	\$32,000	7.5%	\$0	\$0	7	50	\$0
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
Sub Total				\$54,000				\$6,096
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
10	Horses	\$2,500	6.5%	\$25,000	\$9,500	10	100	\$2,774
14	Bulls	\$2,000	6.5%	\$28,000	\$10,640	4	100	\$5,759
90	Cows	800	6.5%	\$72,000	\$27,360	8	100	\$9,110
143	Total AUYS							
Sub Total				\$53,000				\$8,533
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull	Useful Life	Livestock Share	Interest on Investment
280	Cows	\$800	6.5%	\$224,000	\$85,120			\$11,482
42	Replacement Heifers	\$800	6.5%	\$33,600	\$12,768			\$1,722
312	Total AUYS							
Sub Total				\$257,600	\$97,888			\$13,204
Total				<u>\$2,050,600</u>				<u>\$41,451</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 7.50% was used.

3) A rate of 6.50 percent reflects a typical return on a low -risk investment (30 YR Treasury Bond)