

**SOUTHEAST REGION
EX-LARGE COW/CALF BUDGET**

BREED HERD SIZE		440	COW to BULL		20	CALF CROP PERCENT ¹		84%
CULL RATE		15%				REPLACEMENT HEIFER'S KEPT		66
VALUE OF PRODUCTION								
	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE		
STEER CALVES	185	510	\$1.13	\$106,500	\$242.05			
HEIFER CALVES	119	485	\$1.05	\$60,499	\$137.50			
CULL COWS	37	900	\$0.47	\$15,651	\$35.57			
CULL BULLS	1	1200	\$0.54	<u>\$648</u>	<u>\$1.47</u>			
TOTAL	342			\$183,298	\$416.59			
VARIABLE COSTS								
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE		
1. FEED COSTS								
HAY	TON	33.00	\$150	\$4,950	\$11.25			
STATE	AUY	45.0%	\$33.36	\$6,605	\$15.01			
FEDERAL LEASE	AUY	25.0%	\$18.12	\$7,973	\$18.12			
PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00			
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00			
SALT & MINERAL	TON	8.00	\$265	\$2,120	\$4.82			
PROTEIN SUPP	TON	14.00	\$390	\$5,460	\$12.41			
OTHER		0.00	\$0	<u>\$0</u>	<u>\$0.00</u>			
TOTAL				\$27,108	\$61.61			
2. OTHER VARIABLE COSTS				COST				
VET AND MEDICINE				\$5,500	\$12.50			
LIVESTOCK HAULING				\$1,879	\$4.27			
HIRED LABOR				\$18,000	\$40.91			
OPERATING COSTS-EQUIP & MACH				\$3,710	\$8.43			
OPERATING COSTS-VEHICLE				\$3,816	\$8.67			
RANCH MAINTENANCE				\$3,392	\$7.71			
BEEF CHECKOFF				\$304	\$0.69			
OTHER				<u>\$9,000</u>	<u>\$20.45</u>			
TOTAL				\$45,600	\$103.64			
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		VALUE PER COW		
				\$2,636	\$5.99			
				<u>\$75,344</u>	<u>\$171.24</u>			
TOTAL				\$107,954	\$245.35			
OWNERSHIP COSTS								
Annual Capital Recovery ⁴ (At Replacement Valve):				Represents 65% Asset Ownership ⁵ VALUE PER COW NEW VALUE				
CASH COSTS								
Taxes & Insurance				\$12,691	\$28.84			
Overhead				\$3,500	\$7.95			
Total				<u>\$16,191</u>	<u>\$36.80</u>			
NON CASH COSTS								
Purchased Livestock				\$12,378	\$28.13			
Machinery & Equipment				\$12,691	\$28.84			
Housing & Improvements				\$35,754	\$81.26			
Interest on Retained Livestock ⁶				\$20,749	\$47.16			
Management & Operation Labor (6% of gross returns)				\$10,998	\$25.00			
Total				<u>\$92,571</u>	<u>\$210.39</u>			
TOTAL FIXED COSTS				\$108,762	\$247.19			
TOTAL CASH AND VARIABLE COSTS				\$91,536	\$208.04			
TOTAL COSTS				\$184,106	\$418.42			
RETURN ABOVE TOTAL CASH COSTS				\$91,763	\$208.55			
RETURN ABOVE TOTAL COSTS				(\$808)	(\$1.84)			
BREAKEVEN CALCULATIONS								
		VARIABLE COSTS	TOTAL COSTS					
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$40.98	\$49.78						
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$40.98	\$100.13						

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.

**SOUTHEAST REGION
EXTRA-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
10,000	Acres of private land	\$65	3.9%	\$650,000	\$650,000			
550	AU Values ¹	\$2,450	3.9%	\$1,347,500	\$1,347,500			
Sub Totals				\$1,997,500				
Number	Buildings, Improvements	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
15	Miles of pipeline	\$2,000	3.9%	\$30,000	\$3,000	25	100	\$1,827
8	Wells	\$11,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
110	Miles of Fence	\$4,000	3.9%	\$440,000	\$44,000	25	100	\$26,798
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Sub Totals				\$590,000				\$35,754
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
2	3/4 ton pickup 4WD	\$30,000	6.5%	\$60,000	\$12,000	7	50	\$4,766
1	1 ton pickup 4WD	\$32,000	6.5%	\$32,000	\$6,400	7	50	\$2,542
1	Tractor	\$5,000	6.5%	\$5,000	\$1,000	7	100	\$794
3	Gooseneck trailer	\$6,500	6.5%	\$19,500	\$3,900	7	100	\$3,098
1	Horse tack	\$6,000	6.5%	\$6,000	\$1,200	10	100	\$746
1	Misc. equipment	\$6,000	6.5%	\$6,000	\$1,200	10	100	\$746
Sub Total				\$128,500				\$12,691
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
12	Horses	\$2,500	6.5%	\$30,000	\$11,400	10	100	\$3,328
22	Bulls	\$2,000	6.5%	\$44,000	\$16,720	4	100	\$9,050
110	Cows	\$800	6.5%	\$88,000	\$33,440	8	100	\$11,134
180	Total AUYS							
Sub Total				\$74,000				\$12,378
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
440	Cows	\$800	6.5%	\$352,000	\$133,760			\$18,043
66	Replacement Heifers	\$800	6.5%	\$52,800	\$20,064			\$2,706
490	Total AUYS							
Sub Total				\$404,800	\$153,824			\$20,749
Total				\$3,194,800				\$69,195

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)