

**SOUTHWEST REGION
LARGE COW/CALF BUDGET**

	BREED HERD SIZE CULL RATE	275 15%	COW to BULL	15	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	84% 41.25
VALUE OF PRODUCTION						
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	
STEER CALVES	116	500	\$1.13	\$65,258	\$237.30	
HEIFER CALVES	74	475	\$1.05	\$37,032	\$134.66	
CULL COWS	37	900	\$0.45	\$14,985	\$54.49	
CULL BULLS	<u>1</u>	<u>1200</u>	<u>\$0.52</u>	<u>\$624</u>	<u>\$2.27</u>	
	228					
TOTAL				\$117,899	\$428.72	
VARIABLE COSTS						
		<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>
1. FEED COSTS	HAY	TON	22.00	\$150	\$3,300	\$12.00
	STATE	AUY	40.0%	\$33.36	\$3,670	\$13.34
	FEDERAL LEASE	AUY	40.0%	\$18.12	\$4,983	\$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	5.00	\$265	\$1,325	\$4.82
	PROTEIN SUPP	TON	10.00	\$390	\$3,900	\$14.18
	OTHER		0.00	\$0	<u>\$0</u>	<u>\$0.00</u>
	TOTAL				\$17,178	\$62.46
2. OTHER VARIABLE COSTS	VET AND MEDICINE				\$3,454	\$12.56
	LIVESTOCK HAULING				\$1,253	\$4.56
	HIRED LABOR				\$8,000	\$29.09
	OPERATING COSTS-EQUIP & MACH				\$3,816	\$13.88
	OPERATING COSTS-VEHICLE				\$3,816	\$13.88
	RANCH MAINTENANCE				\$2,915	\$10.60
	BEEF CHECKOFF				\$190	\$0.69
	LIVESTOCK PURCHASES				<u>\$1,500</u>	<u>\$5.45</u>
	TOTAL				\$24,943	\$90.70
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>
					\$1,527	\$5.55
TOTAL					\$43,648	\$158.72
					\$74,251	\$270.00
OWNERSHIP COSTS						
	Annual Capital Recovery ⁴ (At Replacement Value):				Represents 65% Asset Ownership ⁵ <u>VALUE PER COW</u>	
CASH COSTS	Taxes & Insurance				\$12,617	\$45.88
	Overhead				\$2,000	\$7.27
	Total				<u>\$14,617</u>	<u>\$53.15</u>
NON CASH COSTS	Purchased Livestock				\$10,315	\$37.51
	Machinery & Equipment				\$12,617	\$45.88
	Housing & Improvements				\$20,141	\$73.24
	Interest on Retained Livestock ⁶				\$12,968	\$47.16
	Management & Operation Labor (6% of gross returns)				<u>\$7,074</u>	<u>\$25.72</u>
	Total				<u>\$63,115</u>	<u>\$229.51</u>
TOTAL FIXED COSTS					\$77,732	\$282.66
TOTAL CASH AND VARIABLE COSTS					\$58,265	\$211.87
TOTAL COSTS					\$121,380	\$441.38
RETURN ABOVE TOTAL CASH COSTS					\$59,634	\$216.85
RETURN ABOVE TOTAL COSTS					(\$3,482)	(\$12.66)
BREAKEYEN CALCULATIONS						
		VARIABLE COSTS	TOTAL COSTS			
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)		\$38.76	\$51.74			
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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.

**SOUTHWEST 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	\$75	3.9%	\$450,000	\$450,000			
275	AU Values ¹	\$2,400	3.9%	\$660,000	\$660,000			
Sub Totals				\$1,110,000				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$2,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
6	Wells	\$12,000	3.9%	\$72,000	\$7,200	25	100	\$4,385
100	Miles of Fence	\$2,000	3.9%	\$200,000	\$20,000	25	100	\$12,181
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				\$333,000				\$20,141
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$30,000	7.5%	\$60,000	\$12,000	7	50	\$4,981
1	1 ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
3	Gooseneck trailer	\$4,500	7.5%	\$13,500	\$2,700	7	100	\$2,242
1	Horse tack	\$8,000	7.5%	\$8,000	\$1,600	10	100	\$1,052
1	Misc. equipment	\$6,500	7.5%	\$6,500	\$1,300	10	100	\$855
Sub Total				\$125,000				\$12,617
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
10	Horses	\$2,500	6.5%	\$25,000	\$9,500	10	100	\$2,774
18	Bulls	\$2,000	6.5%	\$36,667	\$13,933	4	100	\$7,542
34	Cows	800	6.5%	\$27,200	\$10,336	8	100	\$3,442
78	Total AUYS							
Sub Total				\$61,667				\$10,315
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
275	Cows	\$800	6.5%	\$220,000	\$83,600			\$11,277
41	Replacement Heifers	\$800	6.5%	\$33,000	\$12,540			\$1,691
306	Total AUYS							
Sub Total				\$253,000		\$96,140		\$12,968
Total				\$1,882,667				\$45,726

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)