

**SOUTHWEST REGION
MEDIUM COW/CALF BUDGET**

BREED HERD SIZE 160 COW to BULL 15 CALF CROP PERCENT1 84%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 24

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	67	500	\$1.13	\$37,968	\$237.30	_____
HEIFER CALVES	43	475	\$1.05	\$21,546	\$134.66	_____
CULL COWS	37	900	\$0.45	\$14,985	\$93.66	_____
CULL BULLS	1	1200	\$0.52	\$624	\$3.90	_____
TOTAL	148			\$75,123	\$469.52	_____

VARIABLE COSTS

		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
1. FEED COSTS							
	HAY	TON	18.00	\$150	\$2,700	\$16.88	_____
	STATE	AUY	30.0%	\$33.36	\$1,601	\$10.01	_____
	FEDERAL LEASE	AUY	60.0%	\$18.12	\$2,899	\$18.12	_____
	PRIVATE(Owned)	AUY	10.0%	\$0.00	\$0	\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
	SALT & MINERAL	TON	2.00	\$265	\$530	\$3.31	_____
	PROTEIN SUPP	TON	3.00	\$390	\$1,170	\$7.31	_____
	OTHER		0.00	\$0	\$0	\$0.00	_____
	TOTAL				\$8,900	\$55.63	_____
2. OTHER VARIABLE COSTS							
	VET AND MEDICINE				\$2,000	\$12.50	_____
	LIVESTOCK HAULING				\$816	\$5.10	_____
	HIRED LABOR				\$3,000	\$18.75	_____
	OPERATING COSTS-EQUIP & MACH				\$1,378	\$8.61	_____
	OPERATING COSTS-VEHICLE				\$2,332	\$14.58	_____
	RANCH MAINTENANCE				\$2,332	\$14.58	_____
	BEEF CHECKOFF				\$110	\$0.69	_____
	PURCHASED LIVESTOCK				\$1,500	\$9.38	_____
	TOTAL				\$13,469	\$84.18	_____
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	
					\$811	\$5.07	_____
	TOTAL				\$23,180	\$144.87	_____
	TOTAL				\$51,943	\$324.64	_____

OWNERSHIP COSTS

		Annual Capital Recovery ³ (At Replacement Value)	Represents 65% Asset Ownership ⁶	VALUE PER COW	NEW VALUE
CASH COSTS					
	Taxes & Insurance			\$8,687	\$54.29
	Overhead			\$2,000	\$12.50
	Total			\$10,687	\$66.79
NON CASH COSTS					
	Purchased Livestock			\$6,607	\$41.29
	Machinery & Equipment			\$8,687	\$54.29
	Housing & Improvements			\$16,731	\$104.57
	Interest on Retained Livestock ⁶			\$7,545	\$47.16
	Management & Operation Labor (6% of gross returns)			\$4,507	\$28.17
	Total			\$44,077	\$275.48
	TOTAL FIXED COSTS			\$54,764	\$342.27
	TOTAL CASH AND VARIABLE COSTS			\$33,867	\$211.67
	TOTAL COSTS			\$77,944	\$487.15
	RETURN ABOVE TOTAL CASH COSTS			\$41,256	\$257.85
	RETURN ABOVE TOTAL COSTS			-\$2,821	-\$17.63

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$35.38	\$51.69
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$35.38	\$118.96

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 price

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 Methc

5) The 35% reduction in asset values which represent a mix of new and used machiner

6) Interest on average investment

**SOUTHWEST 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
3,500	Acres of private land	\$75	3.9%	\$262,500	\$262,500			
160	AU Values ¹	\$2,400	3.9%	\$384,000	\$384,000			
Sub Totals				\$646,500				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
4	Wells	\$12,000	3.9%	\$48,000	\$4,800	25	100	\$2,923
45	Miles of Fence	\$4,000	3.9%	\$180,000	\$18,000	25	100	\$10,963
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				\$277,000				\$16,731
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
1	1 ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
0	Dozer/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	\$6,000	7.5%	\$6,000	\$1,200	10	100	\$789
1	Misc. equipment	\$4,500	7.5%	\$4,500	\$900	10	100	\$592
Sub Total				\$85,500				\$8,687
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
8	Horses	\$2,500	6.5%	\$20,000	\$7,600	10	100	\$2,219
11	Bulls	\$2,000	6.5%	\$21,333	\$8,107	4	100	\$4,388
30	Cows	\$800	6.5%	\$24,000	\$9,120	8	100	\$3,037
61	Total AUys							
Sub Total				\$41,333				\$6,607
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
160	Cows	\$800	6.5%	\$128,000	\$48,640			\$6,561
24	Replacement Heifers	\$800	6.5%	\$19,200	\$7,296			\$984
178	Total AUys							
Sub Total				\$147,200	\$55,936			\$7,545
Total				<u>\$1,197,533</u>				<u>\$32,963</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)