

**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	\$1.17	\$78,378	\$279.92	_____
HEIFER CALVES	80	515	\$1.09	\$44,796	\$159.98	_____
CULL COWS	<u>37</u>	<u>1000</u>	<u>\$0.48</u>	<u>\$17,760</u>	\$63.43	_____
CULL BULLS	1	<u>1400</u>	<u>\$0.55</u>	<u>\$770</u>	\$2.75	_____
<b>TOTAL</b>	<b>240</b>			<b>\$141,704</b>	<b>\$506.09</b>	

**VARIABLE COSTS**

1. FEED COSTS						
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
HAY	TON	16.00	\$125	\$2,000	\$7.14	_____
STATE	AUY	20.0%	\$34.20	\$1,915	\$6.84	_____
FEDERAL LEASE	AUY	40.0%	\$16.92	\$4,738	\$16.92	_____
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	\$215	\$860	\$3.07	_____
PROTEIN SUPP	TON	8.00	\$215	\$1,720	\$6.14	_____
OTHER		0.00	\$0	<u>\$0</u>	<u>\$0.00</u>	_____
<b>TOTAL</b>				<b>\$11,233</b>	<b>\$40.12</b>	

2. OTHER VARIABLE COSTS						
				COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE				\$3,850	\$13.75	_____
LIVESTOCK HAULING				\$1,078	\$3.85	_____
HIRED LABOR				\$0	\$0.00	_____
OPERATING COSTS-EQUIP & MACH				\$2,464	\$8.80	_____
OPERATING COSTS-VEHICLE				\$3,248	\$11.60	_____
RANCH MAINTENANCE				\$2,744	\$9.80	_____
BEEF CHECKOFF				\$202	\$0.72	_____
PURCHASED LIVESTOCK				<u>\$7,000</u>	<u>\$25.00</u>	_____
<b>TOTAL</b>				<b>\$20,586</b>	<b>\$73.52</b>	

3. INTEREST ON VARIABLE COSTS						
SUM OF VARIABLE COSTS X MONTHS BORROWED						
X INTEREST RATE PER MONTH						
ANNUAL INTEREST RATE				7.50%		
NUMBER OF MONTHS BORROWED				6		VALUE PER COW

INTEREST COSTS	\$1,193	\$4.26
<b>TOTAL VARIABLE COSTS</b>	<b>\$33,012</b>	<b>\$117.90</b>
RETURN ABOVE VARIABLE COSTS	\$108,692	\$388.19

**OWNERSHIP COSTS**

Annual Capital Recovery <sup>4</sup> (At Replacement Value):		Represents 65% Asset Ownership		VALUE PER COW	NEW VALUE
CASH COSTS		TOTAL			
Taxes & Insurance		\$8,554	\$30.55	_____	
Overhead		\$2,163	\$7.73	_____	
Total		<u>\$10,717</u>	<u>\$38.28</u>	_____	
NON CASH COSTS					
Purchased Livestock		\$7,938	\$28.35	_____	
Machinery & Equipment		\$8,554	\$30.55	_____	
Housing & Improvements		\$26,021	\$92.93	_____	
Interest on Retained Livestock <sup>6</sup>		\$14,220	\$50.78	_____	
Management & Operation Labor ( 6% of gross returns)		\$8,502	\$30.37	_____	
<b>TOTAL NON CASH COSTS</b>		<b>\$65,235</b>	<b>\$232.98</b>		
<b>TOTAL FIXED COSTS</b>		<b>\$75,952</b>	<b>\$271.26</b>		
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$43,729</b>	<b>\$156.18</b>		
<b>TOTAL COSTS</b>		<b>\$108,964</b>	<b>\$389.16</b>		
RETURN ABOVE TOTAL CASH COSTS		\$97,975	\$349.91	_____	
RETURN ABOVE TOTAL COSTS		\$32,740	\$116.93	_____	

BREAKEVEN CALCULATIONS			
	VARIABLE COSTS	TOTAL COSTS	
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$25.45	\$33.71	
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$25.45	\$84.00	

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 2010 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

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
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				
Number	Buildings, Improvements	Price Per Unit						
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
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.0%	\$30,000	\$6,000	7	50	\$2,437
1	1ton pickup 4WD	\$32,000	7.0%	\$32,000	\$6,400	7	50	\$2,599
0	Tractor	\$5,000	7.0%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$6,500	7.0%	\$13,000	\$2,600	7	100	\$2,112
1	Horse tack	\$5,000	7.0%	\$5,000	\$1,000	10	100	\$640
1	Misc. equipment	\$6,000	7.0%	\$6,000	\$1,200	10	100	\$767
<b>Sub Total</b>				\$86,000				\$8,554
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
9	Horses	\$2,000	7.0%	\$18,000	\$6,840	10	100	\$2,068
14	Bulls	\$2,000	7.0%	\$28,000	\$10,640	4	100	\$5,870
70	Cows	\$800	7.0%	\$56,000	\$21,280	8	100	\$7,304
<b>116</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$46,000				\$7,938
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
280	Cows	\$800	7.0%	\$224,000	\$85,120			\$12,365
42	Replacement Heifers	\$800	7.0%	\$33,600	\$12,768			\$1,855
<b>312</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$257,600	\$97,888			\$14,220
<b>Total</b>				<u>\$2,714,600</u>				<u>\$48,795</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 7.00% was used.

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