

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

BREED HERD SIZE	440	COW to BULL	20	CALF CROP PERCENT ¹	87%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	66

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW
STEER CALVES	191	550	\$1.16	\$122,113	\$277.53
HEIFER CALVES	125	515	\$1.09	\$70,393	\$159.98
CULL COWS	37	1000	\$0.48	\$17,760	\$40.36
CULL BULLS	1	1200	\$0.55	<u>\$660</u>	<u>\$1.50</u>
TOTAL	355			\$210,926	\$479.38

VARIABLE COSTS

					VALUE PER COW
1. FEED COSTS					
	UNITS	QUANTITY/PERCENT	PRICE	COST	
HAY	TON	88.00	\$125	\$11,000	\$25.00
STATE	AUY	30.0%	\$34.20	\$4,514	\$10.26
FEDERAL LEASE	AUY	7.0%	\$16.92	\$7,445	\$16.92
PRIVATE(Owned)	AUY	55.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	7.00	\$215	\$1,505	\$3.42
PROTEIN SUPP	TON	15.00	\$215	\$3,225	\$7.33
OTHER		0.00	\$0	<u>\$0</u>	<u>\$0.00</u>
TOTAL				\$27,689	\$62.93
2. OTHER VARIABLE COSTS					
				COST	
VET AND MEDICINE				\$6,050	\$13.75
LIVESTOCK HAULING				\$1,597	\$3.63
HIRED LABOR				\$20,160	\$45.82
OPERATING COSTS-EQUIP & MACH				\$5,040	\$11.45
OPERATING COSTS-VEHICLE				\$4,480	\$10.18
RANCH MAINTENANCE				\$3,752	\$8.53
BEEF CHECKOFF				\$317	\$0.72
LIVESTOCK PURCHASES				<u>\$8,000</u>	<u>\$18.18</u>
TOTAL				\$49,395	\$112.26
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
				<u>\$2,891</u>	<u>\$6.57</u>
TOTAL				\$79,975	\$181.76
TOTAL				\$130,951	\$297.62

OWNERSHIP COSTS

		Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵ VALUE PER COW
CASH COSTS			
Taxes & Insurance			\$13,115
Overhead			\$3,500
Total			<u>\$16,615</u>
NON CASH COSTS			
Purchased Livestock			\$12,211
Machinery & Equipment			\$13,115
Housing & Improvements			\$34,724
Interest on Retained Livestock ⁶			\$22,345
Management & Operation Labor (6% of gross returns)			\$7,857
Total			<u>\$90,252</u>
TOTAL FIXED COSTS			\$106,867
TOTAL CASH AND VARIABLE COSTS			\$96,590
TOTAL COSTS			\$186,842
RETURN ABOVE TOTAL CASH COSTS			\$114,336
RETURN ABOVE TOTAL COSTS			\$24,084

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$39.23	\$47.39
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$39.23	\$91.66

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
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
15,000	Acres of private land	\$85	3.9%	\$1,275,000	\$1,275,000			
500	AU Values ¹	\$2,500	3.9%	\$1,250,000	\$1,250,000			
Sub Totals				\$2,525,000				
Number	Buildings, Improvements	Price Per Unit						
16	Miles of pipeline	\$2,000	3.9%	\$32,000	\$3,200	25	100	\$1,949
10	Wells	\$12,000	3.9%	\$120,000	\$12,000	25	100	\$7,308
95	Miles of Fence	\$4,000	3.9%	\$380,000	\$38,000	25	100	\$23,143
2	Corrals/Working Facilities	\$12,000	3.9%	\$24,000	\$2,400	30	100	\$1,328
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Sub Totals				\$574,000				\$34,724
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$30,000	7.0%	\$60,000	\$12,000	7	50	\$4,873
1	1 ton pickup 4WD	\$32,000	7.0%	\$32,000	\$6,400	7	50	\$2,599
1	Tractor	\$5,000	7.0%	\$5,000	\$1,000	7	100	\$812
3	Gooseneck trailer	\$6,500	7.0%	\$19,500	\$3,900	7	100	\$3,168
1	Horse tack	\$6,000	7.0%	\$6,000	\$1,200	10	100	\$767
1	Misc. equipment	\$7,000	7.0%	\$7,000	\$1,400	10	100	\$895
Sub Total				\$129,500				\$13,115
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
13	Horses	\$2,000	7.0%	\$26,000	\$9,880	10	100	\$2,987
22	Bulls	\$2,000	7.0%	\$44,000	\$16,720	4	100	\$9,224
90	Cows	\$800	7.0%	\$72,000	\$27,360	8	100	\$9,391
156	Total AUYS							
Sub Total				\$70,000				\$12,211
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
440	Cows	\$800	7.0%	\$352,000	\$133,760			\$19,430
66	Replacement Heifers	\$800	7.0%	\$52,800	\$20,064			\$2,915
490	Total AUYS							
Sub Total				\$404,800	\$153,824			\$22,345
Total				<u>\$3,703,300</u>				<u>\$70,184</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)