

**NORTHWEST REGION
LARGE COW/CALF BUDGET**

	BREED HERD SIZE CULL RATE	280 15%	COW to BULL	20	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	83% 42
VALUE OF PRODUCTION						
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	
STEER CALVES	116	510	\$1.11	\$65,781	\$234.93	_____
HEIFER CALVES	74	485	\$1.03	\$37,067	\$132.38	_____
CULL COWS	37	900	\$0.43	\$14,319	\$51.14	_____
CULL BULLS	1	1200	\$0.50	<u>\$600</u>	<u>\$2.14</u>	_____
TOTAL	228			\$117,766	\$420.59	_____
VARIABLE COSTS						
	<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	
1. FEED COSTS						<u>NEW VALUE</u>
	HAY	TON	25.00	\$125.00	\$3,125	\$11.16
	STATE	AUY	45.0%	\$34.20	\$4,309	\$15.39
	FEDERAL LEASE	AUY	35.0%	\$16.92	\$4,738	\$16.92
	PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
	SALT & MINERAL	TON	4.00	\$215.00	\$860	\$3.07
	PROTEIN SUPP	TON	4.00	\$215.00	\$860	\$3.07
	OTHER		0.00	\$0.00	<u>\$0</u>	<u>\$0.00</u>
				\$13,892	\$49.61	_____
2. OTHER VARIABLE COSTS				<u>COST</u>		
	VET AND MEDICINE			\$3,850	\$13.75	_____
	LIVESTOCK HAULING			\$1,028	\$3.67	_____
	HIRED LABOR			\$10,080	\$36.00	_____
	OPERATING COSTS-EQUIP & MACH			\$3,360	\$12.00	_____
	OPERATING COSTS-VEHICLE			\$4,480	\$16.00	_____
	RANCH MAINTENANCE			\$2,968	\$10.60	_____
	BEEF CHECKOFF			\$190	\$0.68	_____
	OTHER			<u>\$6,500</u>	<u>\$23.21</u>	_____
	TOTAL			\$32,456	\$115.92	_____
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		<u>VALUE PER COW</u>
				\$1,738	\$6.21	_____
TOTAL				\$48,086	\$171.74	_____
				\$69,680	\$248.86	_____
OWNERSHIP COSTS						
	Annual Capital Recovery ⁴ (At Replacement Valve):				Represents 65% Asset Ownership ⁵ VALUE PER COW NEW VALUE	
CASH COSTS						
	Taxes & Insurance			\$5,955	\$21.27	_____
	Overhead			\$2,163	\$7.73	_____
	Total			\$8,118	\$28.99	_____
NON CASH COSTS						
	Purchased Livestock			\$8,742	\$31.22	_____
	Machinery & Equipment			\$5,955	\$21.27	_____
	Housing & Improvements			\$22,151	\$79.11	_____
	Interest on Retained Livestock ⁶			\$14,220	\$50.78	_____
	Management & Operation Labor (6% of gross returns)			\$4,181	\$14.93	_____
	Total			\$55,248	\$197.32	_____
TOTAL FIXED COSTS				\$63,367	\$226.31	_____
TOTAL CASH AND VARIABLE COSTS				\$56,204	\$200.73	_____
TOTAL COSTS				\$111,453	\$398.05	_____
RETURN ABOVE TOTAL CASH COSTS				\$61,562	\$219.86	_____
RETURN ABOVE TOTAL COSTS				\$6,314	\$22.55	_____
BREAK-EVEN CALCULATIONS						
	REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$41.59	\$48.61			
	REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$41.59	\$96.40			

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.

NORTHWEST 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	\$80	3.9%	\$480,000	\$480,000			
350	AU Values ¹	\$2,400	3.9%	\$840,000	\$840,000			
Sub Totals				\$1,320,000				
Number	Buildings, Improvements	Price Per Unit						
13	Miles of pipeline	\$2,000	3.9%	\$26,000	\$2,600	25	100	\$1,583
5	Wells	\$11,000	3.9%	\$55,000	\$5,500	25	100	\$3,350
65	Miles of Fence	\$4,000	3.9%	\$260,000	\$26,000	25	100	\$15,835
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				\$366,000				\$22,151
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.0%	\$30,000	\$6,000	7	50	\$2,437
0	3/4 ton pickup 4WD	\$32,000	7.0%	\$0	\$0	7	50	\$0
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
Sub Total				\$54,000				\$5,955
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
10	Horses	\$2,500	7.0%	\$25,000	\$9,500	10	100	\$2,872
14	Bulls	\$2,000	7.0%	\$28,000	\$10,640	4	100	\$5,870
90	Cows	800	7.0%	\$72,000	\$27,360	8	100	\$9,391
143	Total AUYS							
Sub Total				\$53,000				\$8,742
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
312	Total AUYS							
Sub Total				\$257,600	\$97,888			\$14,220
Total				<u>\$2,050,600</u>				<u>\$42,326</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)