

**SOUTHEAST REGION
LARGE COW/CALF BUDGET**

	BREED HERD SIZE CULL RATE	320 15%	COW to BULL	20	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	83% 48
VALUE OF PRODUCTION						
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	
STEER CALVES	133	510	\$1.11	\$75,178	\$234.93	_____
HEIFER CALVES	85	485	\$1.03	\$42,362	\$132.38	_____
CULL COWS	37	900	\$0.45	\$14,985	\$46.83	_____
CULL BULLS	1	1200	\$0.50	<u>\$600</u>	<u>\$1.88</u>	_____
TOTAL	256			\$133,125	\$416.02	_____
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	28.00	\$125	\$3,500	\$10.94
	STATE	AUY	45.0%	\$34.20	\$4,925	\$15.39
	FEDERAL LEASE	AUY	25.0%	\$16.92	\$5,414	\$16.92
	PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
	SALT & MINERAL	TON	5.00	\$215	\$1,075	\$3.36
	PROTEIN SUPP	TON	14.00	\$215	\$3,010	\$9.41
	OTHER		0.00	\$0	<u>\$0</u>	<u>\$0.00</u>
TOTAL					\$17,924	\$56.01
2. OTHER VARIABLE COSTS				<u>COST</u>		
	VET AND MEDICINE			\$4,400	\$13.75	_____
	LIVESTOCK HAULING			\$1,150	\$3.59	_____
	HIRED LABOR			\$16,800	\$52.50	_____
	OPERATING COSTS-EQUIP & MACH			\$2,576	\$8.05	_____
	OPERATING COSTS-VEHICLE			\$4,480	\$14.00	_____
	RANCH MAINTENANCE			\$2,632	\$8.23	_____
	BEEF CHECKOFF			\$218	\$0.68	_____
	LIVESTOCK PURCHASES			<u>\$6,500</u>	<u>\$20.31</u>	_____
TOTAL				\$38,756	\$121.11	_____
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>
				\$2,126	\$6.64	_____
TOTAL				\$58,806	\$183.77	_____
TOTAL				\$74,319	\$232.25	_____
OWNERSHIP COSTS						
	Annual Capital Recovery ⁴ (At Replacement Value):				Represents 65% Asset Ownership ⁵ <u>VALUE PER COW NEW VALUE</u>	
CASH COSTS	Taxes & Insurance			\$8,235	\$25.73	_____
	Overhead			\$2,500	\$7.81	_____
	Total			<u>\$10,735</u>	<u>\$33.55</u>	_____
NON CASH COSTS	Purchased Livestock			\$8,547	\$26.71	_____
	Machinery & Equipment			\$8,235	\$25.73	_____
	Housing & Improvements			\$24,969	\$78.03	_____
	Interest on Retained Livestock ⁶			\$16,251	\$50.78	_____
	Management & Operation Labor (6% of gross returns)			\$7,987	\$24.96	_____
	Total			<u>\$65,989</u>	<u>\$206.22</u>	_____
TOTAL FIXED COSTS				\$76,723	\$239.76	_____
TOTAL CASH AND VARIABLE COSTS				\$69,540	\$217.31	_____
TOTAL COSTS				\$135,529	\$423.53	_____
RETURN ABOVE TOTAL CASH COSTS				\$63,585	\$198.70	_____
RETURN ABOVE TOTAL COSTS				(\$2,404)	(\$7.51)	_____
BREAKEVEN CALCULATIONS						
	VARIABLE COSTS	TOTAL COSTS				
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$44.50	\$52.63				
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$44.50	\$102.57				

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.

SOUTHEAST 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	\$65	3.9%	\$390,000	\$390,000			
400	AU Values ¹	\$2,450	3.9%	\$980,000	\$980,000			
Sub Totals				\$1,370,000				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
6	Wells	\$11,000	3.9%	\$66,000	\$6,600	25	100	\$4,020
75	Miles of Fence	\$4,000	3.9%	\$300,000	\$30,000	25	100	\$18,271
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Sub Totals				\$412,000				\$24,969
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
1	1 ton pickup 4WD	\$32,000	7.0%	\$32,000	\$6,400	7	50	\$2,599
0	Dozer/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	\$4,000	7.0%	\$4,000	\$800	10	100	\$512
1	Misc. equipment	\$4,500	7.0%	\$4,500	\$900	10	100	\$576
Sub Total				\$83,500				\$8,235
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
8	Horses	\$2,000	7.0%	\$16,000	\$6,080	10	100	\$1,838
16	Bulls	\$2,000	7.0%	\$32,000	\$12,160	4	100	\$6,709
80	Cows	\$800	7.0%	\$64,000	\$24,320	8	100	\$8,348
130	Total AUYS							
Sub Total				\$48,000				\$8,547
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
320	Cows	\$800	7.0%	\$256,000	\$97,280			\$14,131
48	Replacement Heifers	\$800	7.0%	\$38,400	\$14,592			\$2,120
356	Total AUYS							
Sub Total				\$294,400	\$111,872			\$16,251
Total				<u>\$2,207,900</u>				<u>\$49,455</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.