

SOUTHEAST REGION
MEDIUM COW/CALF BUDGET

BREED HERD SIZE 160 COW to BULL 20 CALF CROP PERCENT¹ 83%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 24

VALUE OF PRODUCTION						
	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	66	510	\$1.11	\$37,589	\$234.93	_____
HEIFER CALVES	42	485	\$1.03	\$21,181	\$132.38	_____
CULL COWS	37	900	\$0.45	\$14,985	\$93.66	_____
CULL BULLS	1	1200	\$0.50	\$600	\$3.75	_____
TOTAL	147			\$74,355	\$464.72	_____

VARIABLE COSTS						
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
1. FEED COSTS						
HAY	TON	14.00	\$125	\$1,750	\$10.94	_____
STATE	AUY	45.0%	\$34.20	\$2,462	\$15.39	_____
FEDERAL LEASE	AUY	25.0%	\$16.92	\$2,707	\$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	2.50	\$215	\$538	\$3.36	_____
PROTEIN SUPP	TON	8.00	\$215	\$1,720	\$10.75	_____
OTHER		0.00	\$0	\$0	\$0.00	_____
TOTAL				\$9,177	\$57.36	_____

2. OTHER VARIABLE COSTS						
				COST		
	VET AND MEDICINE			\$2,200	\$13.75	_____
	LIVESTOCK HAULING			\$661	\$4.13	_____
	HIRED LABOR			\$3,920	\$24.50	_____
	OPERATING COSTS-EQUIP & MACH			\$2,800	\$17.50	_____
	OPERATING COSTS-VEHICLE			\$3,864	\$24.15	_____
	RANCH MAINTENANCE			\$2,240	\$14.00	_____
	BEEF CHECKOFF			\$109	\$0.68	_____
	PURCHASED LIVESTOCK			\$5,500	\$34.38	_____
TOTAL				\$21,293	\$133.08	_____

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	
				\$1,143	\$7.14	_____
TOTAL				\$31,613	\$197.58	_____
TOTAL				\$42,742	\$267.14	_____

OWNERSHIP COSTS					
	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵ VALUE PER COW NEW VALUE			
CASH COSTS					
Taxes & Insurance		\$4,324	\$27.02	_____	
Overhead		\$2,163	\$13.52	_____	
Total		\$6,487	\$40.54	_____	
NON CASH COSTS					
Purchased Livestock		\$4,273	\$26.71	_____	
Machinery & Equipment		\$4,324	\$27.02	_____	
Housing & Improvements		\$9,865	\$61.66	_____	
Interest on Retained Livestock ⁶		\$8,125	\$50.78	_____	
Management & Operation Labor (6% of gross returns)		\$4,461	\$27.88	_____	
Total		\$31,049	\$194.06	_____	
TOTAL FIXED COSTS		\$37,536	\$234.60	_____	
TOTAL CASH AND VARIABLE COSTS		\$38,100	\$238.13	_____	
TOTAL COSTS		\$69,149	\$432.18	_____	
RETURN ABOVE TOTAL CASH COSTS		\$36,255	\$226.59	_____	
RETURN ABOVE TOTAL COSTS		\$5,206	\$32.54	_____	

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$47.85	\$57.67
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$47.85	\$104.66

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.

SOUTHEAST 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
4,000	Acres of private land	\$65	3.9%	\$260,000	\$260,000			
200	AU Values ¹	\$2,450	3.9%	\$490,000	\$490,000			
Sub Totals				\$750,000				
Number	Buildings, Improvements	Price Per Unit						
5	Miles of pipeline	\$2,000	3.9%	\$10,000	\$1,000	25	100	\$609
4	Wells	\$11,000	3.9%	\$44,000	\$4,400	25	100	\$2,680
22	Miles of Fence	\$4,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
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				\$164,000				\$9,865
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	1 ton pickup 4WD	\$32,000	7.0%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$6,500	7.0%	\$6,500	\$1,300	7	100	\$1,056
1	Horse tack	\$3,000	7.0%	\$3,000	\$600	10	100	\$384
1	Misc. equipment	\$3,500	7.0%	\$3,500	\$700	10	100	\$448
Sub Total				\$43,000				\$4,324
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
4	Horses	\$2,000	7.0%	\$8,000	\$3,040	10	100	\$919
8	Bulls	\$2,000	7.0%	\$16,000	\$6,080	4	100	\$3,354
40	Cows	\$800	7.0%	\$32,000	\$12,160	8	100	\$4,174
65	Total AUys							
Sub Total				\$24,000				\$4,273
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
160	Cows	\$800	7.0%	\$128,000	\$48,640			\$7,066
24	Replacement Heifers	\$800	7.0%	\$19,200	\$7,296			\$1,060
178	Total AUys							
Sub Total				\$147,200	\$55,936			\$8,125
Total				<u>\$1,128,200</u>				<u>\$22,315</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.