

**NORTHEAST REGION  
LARGE COW/CALF BUDGET**

	BREED HERD SIZE CULL RATE	315 20%	COW to BULL	20	CALF CROP PERCENT <sup>1</sup> REPLACEMENT HEIFER'S KEPT	87% 63
<b>VALUE OF PRODUCTION</b>						
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE<sup>2</sup></u>	<u>VALUE</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
STEER CALVES	137	550	\$1.28	\$96,466	\$306.24	_____
HEIFER CALVES	74	515	\$1.20	\$45,747	\$145.23	_____
CULL COWS	63	1000	\$0.55	\$34,650	\$110.00	_____
CULL BULLS	1	1400	\$0.70	\$980	\$3.11	_____
<b>TOTAL</b>	<b>275</b>			<b>\$177,843</b>	<b>\$564.58</b>	_____
<b>VARIABLE COSTS</b>						
<b>1. FEED COSTS</b>	<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
HAY	TON	16.00	\$125	\$2,000	\$6.35	_____
STATE	AUY	20.0%	\$38.04	\$2,397	\$7.61	_____
FEDERAL LEASE	AUY	40.0%	\$20.16	\$6,350	\$20.16	_____
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	\$240	\$960	\$3.05	_____
PROTEIN SUPP	TON	8.00	\$415	\$3,320	\$10.54	_____
OTHER		0.00	\$0	\$0	\$0.00	_____
<b>TOTAL</b>				<b>\$15,027</b>	<b>\$47.70</b>	_____
<b>2. OTHER VARIABLE COSTS</b>				<u>COST</u>		
VET AND MEDICINE				\$4,461	\$14.16	_____
LIVESTOCK HAULING				\$1,275	\$4.05	_____
HIRED LABOR				\$0	\$0.00	_____
OPERATING COSTS-EQUIP & MACH				\$2,530	\$8.03	_____
OPERATING COSTS-VEHICLE				\$3,393	\$10.77	_____
RANCH MAINTENANCE				\$2,867	\$9.10	_____
BEEF CHECKOFF				\$211	\$0.67	_____
PURCHASED LIVESTOCK				\$12,000	\$38.10	_____
<b>TOTAL</b>				<b>\$26,737</b>	<b>\$84.88</b>	_____
<b>3. INTEREST ON VARIABLE COSTS</b>						
SUM OF VARIABLE COSTS X MONTHS BORROWED						
X INTEREST RATE PER MONTH						
ANNUAL INTEREST RATE				7.00%		
NUMBER OF MONTHS BORROWED				6	<u>VALUE PER COW</u>	
<b>INTEREST COSTS</b>				\$1,462	\$4.64	_____
<b>TOTAL VARIABLE COSTS</b>				<b>\$43,225</b>	<b>\$137.22</b>	_____
<b>RETURN ABOVE VARIABLE COSTS</b>				<b>\$134,618</b>	<b>\$427.36</b>	_____
<b>OWNERSHIP COSTS</b>						
	Annual Capital Recovery <sup>4</sup> (At Replacement Value):			Represents 65% Asset Ownership		
<b>CASH COSTS</b>				<u>TOTAL</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
Taxes & Insurance				\$8,554	\$27.16	_____
Overhead				\$2,163	\$6.87	_____
<b>Total</b>				<b>\$10,717</b>	<b>\$34.02</b>	_____
<b>NON CASH COSTS</b>						
Purchased Livestock				\$10,322	\$32.77	_____
Machinery & Equipment				\$8,554	\$27.16	_____
Housing & Improvements				\$26,021	\$82.61	_____
Interest on Retained Livestock <sup>5</sup>				\$20,866	\$66.24	_____
Management & Operation Labor ( 6% of gross returns)				\$10,671	\$33.87	_____
<b>TOTAL NON CASH COSTS</b>				<b>\$76,434</b>	<b>\$242.65</b>	_____
<b>TOTAL FIXED COSTS</b>				<b>\$87,151</b>	<b>\$276.67</b>	_____
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$53,943</b>	<b>\$171.25</b>	_____
<b>TOTAL COSTS</b>				<b>\$130,376</b>	<b>\$413.89</b>	_____
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$123,900</b>	<b>\$393.33</b>	_____
<b>RETURN ABOVE TOTAL COSTS</b>				<b>\$47,467</b>	<b>\$150.69</b>	_____
<b>BREAKEVEN CALCULATIONS</b>						
	<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>				
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$29.62	\$36.96				
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$29.62	\$89.34				

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 2011 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**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
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				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
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
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
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
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
9	Horses	\$2,000	7.0%	\$18,000	\$6,840	10	100	\$2,068
16	Bulls	\$2,500	7.0%	\$39,375	\$14,963	4	100	\$8,255
70	Cows	\$1,000	7.0%	\$70,000	\$26,600	8	100	\$9,130
<b>118</b>	<b>Total AUUs</b>							
<b>Sub Total</b>				\$57,375				\$10,322
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>		<b>Interest on Investment</b>	
315	Cows	\$1,000	7.0%	\$315,000	\$119,700			\$17,388
63	Replacement Heifers	\$1,000	7.0%	\$63,000	\$23,940			\$3,478
<b>362</b>	<b>Total AUUs</b>							
<b>Sub Total</b>				\$378,000	\$143,640			\$20,866
<b>Total</b>				<u>\$2,846,375</u>				<u>\$55,441</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)