

**NORTHEAST REGION
MEDIUM COW/CALF BUDGET**

	BREED HERD SIZE CULL RATE	180 20%	COW to BULL	20	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	85% 36
VALUE OF PRODUCTION						
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	
STEER CALVES	77	550	\$1.28	\$53,856	\$299.20	
HEIFER CALVES	41	515	\$1.20	\$25,029	\$139.05	
CULL COWS	36	900	\$0.55	\$17,820	\$99.00	
CULL BULLS	1	1200	\$0.70	\$840	\$4.67	
TOTAL	154			\$97,545	\$541.92	
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	12.00	\$125	\$1,500	\$8.33	
BLM	AUY	0.0%	\$20.16	\$0	\$0.00	
STATE	AUY	17.0%	\$38.04	\$1,164	\$6.47	
FEDERAL LEASE	AUY	30.0%	\$20.16	\$3,629	\$20.16	
PRIVATE(Owned)	AUY	53.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	
SALT & MINERAL	TON	3.00	\$240	\$720	\$4.00	
PROTEIN SUPP	TON	4.00	\$415	\$1,660	\$9.22	
OTHER		<u>0.00</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	
TOTAL				\$8,673	\$48.18	
2. OTHER VARIABLE COSTS				<u>COST</u>		
VET AND MEDICINE				\$2,549	\$14.16	
LIVESTOCK HAULING				\$714	\$3.97	
HIRED LABOR				\$4,000	\$22.22	
OPERATING COSTS-EQUIP & MACH				\$1,580	\$8.78	
OPERATING COSTS-VEHICLE				\$3,360	\$18.67	
RANCH MAINTENANCE				\$2,457	\$13.65	
BEEF CHECKOFF				\$117	\$0.65	
PURCHASED LIVESTOCK				\$10,000	\$55.56	
TOTAL				\$24,777	\$137.65	
3. INTEREST ON VARIABLE COSTS						
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>	
					<u>HIGH</u>	
				\$1,171	\$6.50	
TOTAL				\$34,620	\$192.33	
TOTAL				\$62,925	\$349.58	
OWNERSHIP COSTS						
	Annual Capital Recovery ⁴ (At Replacement Valve):			Represents 65% Asset Ownership		<u>VALUE PER COW</u>
CASH COSTS				<u>TOTAL</u>	<u>VALUE PER COW</u>	
Taxes & Insurance				\$4,580	\$25.44	
Overhead				\$3,000	\$16.67	
Total				\$7,580	\$42.11	
NON CASH COSTS						
Purchased Livestock				\$6,095	\$33.86	
Machinery & Equipment				\$4,580	\$25.44	
Housing & Improvements				\$19,443	\$108.02	
Interest on Retained Livestock				\$11,923	\$66.24	
Management & Operation Labor (6% of gross returns)				\$5,853	\$32.52	
Total				\$47,894	\$266.08	
TOTAL FIXED COSTS				\$55,474	\$308.19	
TOTAL CASH AND VARIABLE COSTS				\$42,200	\$234.44	
TOTAL COSTS				\$90,094	\$500.52	
RETURN ABOVE TOTAL CASH COSTS				\$55,345	\$307.47	
RETURN ABOVE TOTAL COSTS				\$7,451	\$41.39	
BREAKEVEN CALCULATIONS						
	<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>				
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$42.49	\$51.80				
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$42.49	\$110.58				

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
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
7,000	Acres of private land	\$85	3.9%	\$595,000	\$595,000			
200	AU Values ¹	\$2,500	3.9%	\$500,000	\$500,000			
Sub Totals				\$1,095,000				
Number	Buildings, Improvements	Price Per Unit						
10	Miles of pipeline	\$2,000	3.9%	\$20,000	\$2,000	25	100	\$1,218
6	Wells	\$12,000	3.9%	\$72,000	\$7,200	25	100	\$4,385
50	Miles of Fence	\$4,000	3.9%	\$200,000	\$20,000	25	100	\$12,181
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
Sub Totals				\$322,000				\$19,443
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	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	\$3,500	7.0%	\$3,500	\$700	10	100	\$448
1	Misc. equipment	\$5,000	7.0%	\$5,000	\$1,000	10	100	\$640
Sub Total				\$45,000				\$4,580
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
6	Horses	\$2,000	7.0%	\$12,000	\$4,560	10	100	\$1,378
9	Bulls	\$2,500	7.0%	\$22,500	\$8,550	4	100	\$4,717
40	Cows	\$1,000	7.0%	\$40,000	\$15,200	8	100	\$5,217
69	Total AUYS							
Sub Total				\$34,500				\$6,095
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
180	Cows	\$1,000	7.0%	\$180,000	\$68,400			\$9,936
36	Replacement Heifers	\$1,000	7.0%	\$36,000	\$13,680			\$1,987
207	Total AUYS							
Sub Total				\$216,000	\$82,080			\$11,923
Total				<u>\$1,712,500</u>				<u>\$35,946</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)