

**NORTHEAST REGION
EX-LARGE COW/CALF BUDGET**

BREED HERD SIZE	495	COW to BULL	20	CALF CROP PERCENT ¹	87%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	74.25

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	215	550	\$1.28	\$151,589	\$306.24	_____
HEIFER CALVES	141	515	\$1.20	\$87,184	\$176.13	_____
CULL COWS	74.25	1000	\$0.55	\$40,838	\$82.50	_____
CULL BULLS	1	1200	\$0.70	<u>\$840</u>	<u>\$1.70</u>	_____
TOTAL	432			\$280,451	\$566.57	_____

VARIABLE COSTS

		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
1. FEED COSTS							
	HAY	TON	99.00	\$125	\$12,375	\$25.00	_____
	STATE	AUY	30.0%	\$43.32	\$6,433	\$13.00	_____
	FEDERAL LEASE	AUY	7.0%	\$20.16	\$9,979	\$20.16	_____
	PRIVATE(Owned)	AUY	55.0%	\$0.00	\$0	\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
	SALT & MINERAL	TON	7.00	\$240	\$1,680	\$3.39	_____
	PROTEIN SUPP	TON	15.00	\$415	\$6,225	\$12.58	_____
	OTHER		0.00	\$0	<u>\$0</u>	<u>\$0.00</u>	_____
	TOTAL				\$36,692	\$74.13	_____
2. OTHER VARIABLE COSTS					COST		
	VET AND MEDICINE				\$7,010	\$14.16	_____
	LIVESTOCK HAULING				\$2,001	\$4.04	_____
	HIRED LABOR				\$20,700	\$41.82	_____
	OPERATING COSTS-EQUIP & MACH				\$5,265	\$10.64	_____
	OPERATING COSTS-VEHICLE				\$4,680	\$9.45	_____
	RANCH MAINTENANCE				\$3,920	\$7.92	_____
	BEEF CHECKOFF				\$356	\$0.72	_____
	LIVESTOCK PURCHASES				<u>\$14,000</u>	<u>\$28.28</u>	_____
	TOTAL				\$57,932	\$117.03	_____
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	VALUE PER COW	
					\$3,312	\$6.69	_____
	TOTAL				\$97,936	\$197.85	_____
	TOTAL				\$182,515	\$368.72	_____

OWNERSHIP COSTS

	Annual Capital Recovery ⁴ (At Replacement Valve):		Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS					
	Taxes & Insurance			\$13,115	\$26.49
	Overhead			\$5,000	\$10.10
	Total			\$18,115	\$36.60
NON CASH COSTS					
	Purchased Livestock			\$15,958	\$32.24
	Machinery & Equipment			\$13,115	\$26.49
	Housing & Improvements			\$34,724	\$70.15
	Interest on Retained Livestock ⁶			\$31,423	\$63.48
	Management & Operation Labor (6% of gross returns)			<u>\$10,951</u>	<u>\$22.12</u>
	Total			\$106,171	\$214.49
TOTAL FIXED COSTS				\$124,286	\$251.08
TOTAL CASH AND VARIABLE COSTS				\$116,051	\$234.45
TOTAL COSTS				\$222,222	\$448.93
RETURN ABOVE TOTAL CASH COSTS				\$164,400	\$332.12
RETURN ABOVE TOTAL COSTS				\$58,229	\$117.63

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$42.71	\$50.61
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$42.71	\$96.90

**NORTHEAST REGION
EXTRA-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
15,000	Acres of private land	\$85	3.9%	\$1,275,000	\$1,275,000			
500	AU Values ¹	\$2,500	3.9%	\$1,250,000	\$1,250,000			
Sub Totals				\$2,525,000				
Number	Buildings, Improvements	Price Per Unit						
16	Miles of pipeline	\$2,000	3.9%	\$32,000	\$3,200	25	100	\$1,949
10	Wells	\$12,000	3.9%	\$120,000	\$12,000	25	100	\$7,308
95	Miles of Fence	\$4,000	3.9%	\$380,000	\$38,000	25	100	\$23,143
2	Corrals/Working Facilities	\$12,000	3.9%	\$24,000	\$2,400	30	100	\$1,328
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Sub Totals				\$574,000				\$34,724
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$30,000	7.0%	\$60,000	\$12,000	7	50	\$4,873
1	1 ton pickup 4WD	\$32,000	7.0%	\$32,000	\$6,400	7	50	\$2,599
1	Tractor	\$5,000	7.0%	\$5,000	\$1,000	7	100	\$812
3	Gooseneck trailer	\$6,500	7.0%	\$19,500	\$3,900	7	100	\$3,168
1	Horse tack	\$6,000	7.0%	\$6,000	\$1,200	10	100	\$767
1	Misc. equipment	\$7,000	7.0%	\$7,000	\$1,400	10	100	\$895
Sub Total				\$129,500				\$13,115
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
13	Horses	\$2,000	7.0%	\$26,000	\$9,880	10	100	\$2,987
25	Bulls	\$2,500	7.0%	\$61,875	\$23,513	4	100	\$12,972
90	Cows	\$1,000	7.0%	\$90,000	\$34,200	8	100	\$11,739
160	Total AUUs							
Sub Total				\$87,875				\$15,958
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
495	Cows	\$1,000	7.0%	\$495,000	\$188,100			\$27,324
74	Replacement Heifers	\$1,000	7.0%	\$74,250	\$28,215			\$4,099
551	Total AUUs							
Sub Total				\$569,250	\$216,315			\$31,423
Total				<u>\$3,885,625</u>				<u>\$79,261</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)