

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

	BREED HERD SIZE CULL RATE	495 15%	COW to BULL	20	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	85% 74.25
VALUE OF PRODUCTION						
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
STEER CALVES	210	510	\$1.25	\$134,114	\$270.94	_____
HEIFER CALVES	136	485	\$1.17	\$77,244	\$156.05	_____
CULL COWS	74.25	900	\$0.52	\$34,749	\$70.20	_____
CULL BULLS	1	1200	\$0.67	\$804	\$1.62	_____
TOTAL	422			\$246,911	\$498.81	_____
VARIABLE COSTS						
1. FEED COSTS						
	<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
HAY	TON	33.00	\$125	\$4,125	\$8.33	_____
STATE	AUY	45.0%	\$38.04	\$8,473	\$17.12	_____
FEDERAL LEASE	AUY	25.0%	\$20.16	\$9,979	\$20.16	_____
PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
SALT & MINERAL	TON	8.00	\$240	\$1,920	\$3.88	_____
PROTEIN SUPP	TON	12.00	\$415	\$4,980	\$10.06	_____
OTHER		0.00	\$0	\$0	\$0.00	_____
TOTAL				\$29,478	\$59.55	_____
2. OTHER VARIABLE COSTS						
				<u>COST</u>		
VET AND MEDICINE				\$7,010	\$14.16	_____
LIVESTOCK HAULING				\$1,955	\$3.95	_____
HIRED LABOR				\$23,000	\$46.46	_____
OPERATING COSTS-EQUIP & MACH				\$4,095	\$8.27	_____
OPERATING COSTS-VEHICLE				\$4,212	\$8.51	_____
RANCH MAINTENANCE				\$3,744	\$7.56	_____
BEEF CHECKOFF				\$347	\$0.70	_____
OTHER				\$12,000	\$24.24	_____
TOTAL				\$56,363	\$113.86	_____
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	
				\$3,004	\$6.07	_____
TOTAL				\$88,845	\$179.48	_____
OWNERSHIP COSTS						
	Annual Capital Recovery ⁴ (At Replacement Valve):			Represents 65% Asset Ownership ⁵ VALUE PER COW NEW VALUE		
CASH COSTS						
Taxes & Insurance				\$12,987	\$26.24	_____
Overhead				\$5,000	\$10.10	_____
Total				\$17,987	\$36.34	_____
NON CASH COSTS						
Purchased Livestock				\$15,729	\$31.77	_____
Machinery & Equipment				\$12,987	\$26.24	_____
Housing & Improvements				\$35,754	\$72.23	_____
Interest on Retained Livestock ⁶				\$31,423	\$63.48	_____
Management & Operation Labor (6% of gross returns)				\$14,815	\$29.93	_____
Total				\$110,707	\$223.65	_____
TOTAL FIXED COSTS				\$128,694	\$259.99	_____
TOTAL CASH AND VARIABLE COSTS				\$106,832	\$215.82	_____
TOTAL COSTS				\$217,539	\$439.47	_____
RETURN ABOVE TOTAL CASH COSTS				\$140,079	\$282.99	_____
RETURN ABOVE TOTAL COSTS				\$29,372	\$59.34	_____
BREAKEVEN CALCULATIONS						
	VARIABLE COSTS	TOTAL COSTS				
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$42.44	\$51.04				
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$42.44	\$103.92				

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.

**SOUTHEAST 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
10,000	Acres of private land	\$65	3.9%	\$650,000	\$650,000			
550	AU Values ¹	\$2,450	3.9%	\$1,347,500	\$1,347,500			
Sub Totals				\$1,997,500				
Number	Buildings, Improvements	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
15	Miles of pipeline	\$2,000	3.9%	\$30,000	\$3,000	25	100	\$1,827
8	Wells	\$11,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
110	Miles of Fence	\$4,000	3.9%	\$440,000	\$44,000	25	100	\$26,798
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Sub Totals				\$590,000				\$35,754
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
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	\$6,000	7.0%	\$6,000	\$1,200	10	100	\$767
Sub Total				\$128,500				\$12,987
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
12	Horses	\$2,000	7.0%	\$24,000	\$9,120	10	100	\$2,757
25	Bulls	\$2,500	7.0%	\$61,875	\$23,513	4	100	\$12,972
110	Cows	\$1,000	7.0%	\$110,000	\$41,800	8	100	\$14,347
183	Total AUUs							
Sub Total				\$85,875				\$15,729
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull	Useful Life	Livestock Share	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>\$3,371,125</u>				<u>\$80,164</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.