

**SOUTHWEST REGION
MEDIUM COW/CALF BUDGET**

BREED HERD SIZE 180 COW to BULL 15 CALF CROP PERCENT1 85%
 CULL RATE 15% REPLACEMENT HEIFER'S KEPT 27

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	77	500	\$1.22	\$46,665	\$259.25	
HEIFER CALVES	50	475	\$1.14	\$26,804	\$148.91	
CULL COWS	27	900	\$0.49	\$11,907	\$66.15	
CULL BULLS	1	1200	\$0.62	\$744	\$4.13	
TOTAL	154			\$86,120	\$478.45	

VARIABLE COSTS

1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
HAY	TON	18.00	\$125	\$2,250	\$12.50	
STATE	AUY	30.0%	\$38.04	\$2,054	\$11.41	
FEDERAL LEASE	AUY	60.0%	\$20.16	\$3,629	\$20.16	
PRIVATE(Owned)	AUY	10.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	
SALT & MINERAL	TON	2.00	\$240	\$480	\$2.67	
PROTEIN SUPP	TON	2.00	\$415	\$830	\$4.61	
OTHER		0.00	\$0	\$0	\$0.00	
TOTAL				\$9,243	\$51.35	

2. OTHER VARIABLE COSTS

	COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE	\$2,549	\$14.16	
LIVESTOCK HAULING	\$714	\$3.97	
HIRED LABOR	\$2,500	\$13.89	
OPERATING COSTS-EQUIP & MACH	\$1,456	\$8.09	
OPERATING COSTS-VEHICLE	\$2,464	\$13.69	
RANCH MAINTENANCE	\$2,486	\$13.81	
BEEF CHECKOFF	\$126	\$0.70	
PURCHASED LIVESTOCK	\$2,500	\$13.89	
TOTAL	\$14,795	\$82.19	

3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED	ANNUAL INTEREST RATE	NUMBER OF MONTHS BORROWED	VALUE PER COW
	7.00%	6	\$841
TOTAL			\$4.67

OWNERSHIP COSTS

	Annual Capital Recovery ³ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS				
Taxes & Insurance		\$8,490	\$47.17	
Overhead		\$2,000	\$11.11	
Total		\$10,490	\$58.28	
NON CASH COSTS				
Purchased Livestock		\$8,587	\$47.70	
Machinery & Equipment		\$8,490	\$47.17	
Housing & Improvements		\$16,731	\$92.95	
Interest on Retained Livestock ⁶		\$11,426	\$63.48	
Management & Operation Labor (6% of gross returns)		\$5,167	\$28.71	
Total		\$50,401	\$280.01	
TOTAL FIXED COSTS		\$60,892	\$338.29	
TOTAL CASH AND VARIABLE COSTS		\$35,370	\$196.50	
TOTAL COSTS		\$85,771	\$476.51	
RETURN ABOVE TOTAL CASH COSTS		\$50,750	\$281.95	
RETURN ABOVE TOTAL COSTS		\$349	\$1.94	

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$33.36	\$47.42
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$33.36	\$114.99

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.

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Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
3,500	Acres of private land	\$75	3.9%	\$262,500	\$262,500			
180	AU Values ¹	\$2,400	3.9%	\$432,000	\$432,000			
Sub Totals				\$694,500				
Number	Buildings, Improvements	Price Per Unit		Price	Salvage/Cull			
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
4	Wells	\$12,000	3.9%	\$48,000	\$4,800	25	100	\$2,923
45	Miles of Fence	\$4,000	3.9%	\$180,000	\$18,000	25	100	\$10,963
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
Sub Totals				\$277,000				\$16,731
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
1	1 ton pickup 4WD	\$32,000	7.0%	\$32,000	\$6,400	7	50	\$2,599
0	Dozer/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	\$6,000	7.0%	\$6,000	\$1,200	10	100	\$767
1	Misc. equipment	\$4,500	7.0%	\$4,500	\$900	10	100	\$576
Sub Total				\$85,500				\$8,490
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
8	Horses	\$2,500	7.0%	\$20,000	\$7,600	10	100	\$2,297
12	Bulls	\$2,500	7.0%	\$30,000	\$11,400	4	100	\$6,289
30	Cows	\$1,000	7.0%	\$30,000	\$11,400	8	100	\$3,913
63	Total AUYS							
Sub Total				\$50,000				\$8,587
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
27	Replacement Heifers	\$1,000	7.0%	\$27,000	\$10,260			\$1,490
200	Total AUYS							
Sub Total				\$207,000	\$78,660			\$11,426
Total				\$1,314,000				\$36,647

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.