

**NORTHWEST REGION
LARGE COW/CALF BUDGET**

BREED HERD SIZE CULL RATE	315 15%	COW to BULL	20	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	85% 47
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VALUE OF PRODUCTION				VALUE PER COW		
	QUANTITY	WEIGHT	PRICE ²	VALUE	NEW VALUE	
STEER CALVES	134	510	\$1.23	\$83,980	\$266.60	
HEIFER CALVES	87	485	\$1.15	\$48,315	\$153.38	
CULL COWS	47.25	900	\$0.50	\$21,263	\$67.50	
CULL BULLS	1	1200	\$0.65	\$780	\$2.48	
TOTAL	269			\$154,337	\$489.96	

VARIABLE COSTS

				VALUE PER COW		
1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	NEW VALUE	
HAY	TON	25.00	\$125.00	\$3,125	\$9.92	
STATE	AUY	45.0%	\$38.04	\$5,392	\$17.12	
FEDERAL LEASE	AUY	35.0%	\$20.16	\$6,350	\$20.16	
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	
SALT & MINERAL	TON	4.00	\$240.00	\$960	\$3.05	
PROTEIN SUPP	TON	4.00	\$415.00	\$1,660	\$5.27	
OTHER		0.00	\$0.00	\$0	\$0.00	
				\$17,488	\$55.52	

2. OTHER VARIABLE COSTS				COST		
	VET AND MEDICINE			\$4,461	\$14.16	
	LIVESTOCK HAULING			\$1,246	\$3.95	
	HIRED LABOR			\$15,000	\$47.62	
	OPERATING COSTS-EQUIP & MACH			\$3,510	\$11.14	
	OPERATING COSTS-VEHICLE			\$4,680	\$14.86	
	RANCH MAINTENANCE			\$3,101	\$9.84	
	BEEF CHECKOFF			\$221	\$0.70	
	OTHER			\$12,000	\$38.10	
	TOTAL			\$44,218	\$140.37	

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	
				\$2,160	\$6.86	
	TOTAL			\$63,865	\$202.75	
				\$90,472	\$287.21	

OWNERSHIP COSTS

		Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS					
	Taxes & Insurance		\$5,955	\$18.91	
	Overhead		\$4,000	\$12.70	
	Total		\$9,955	\$31.60	
NON CASH COSTS					
	Purchased Livestock		\$11,126	\$35.32	
	Machinery & Equipment		\$5,955	\$18.91	
	Housing & Improvements		\$22,151	\$70.32	
	Interest on Retained Livestock ⁶		\$19,996	\$63.48	
	Management & Operation Labor (6% of gross returns)		\$5,428	\$17.23	
	Total		\$64,657	\$205.26	
	TOTAL FIXED COSTS		\$74,613	\$236.87	
	TOTAL CASH AND VARIABLE COSTS		\$73,820	\$234.35	
	TOTAL COSTS		\$138,478	\$439.61	
	RETURN ABOVE TOTAL CASH COSTS		\$80,517	\$255.61	
	RETURN ABOVE TOTAL COSTS		\$15,860	\$50.35	

BREAKEVEN CALCULATIONS			
	VARIABLE COSTS	TOTAL COSTS	
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$47.94	\$55.42	
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$47.94	\$103.96	

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.

**NORTHWEST REGION
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
6,000	Acres of private land	\$80	3.9%	\$480,000	\$480,000			
350	AU Values ¹	\$2,400	3.9%	\$840,000	\$840,000			
Sub Totals				\$1,320,000				
Number	Buildings, Improvements	Price Per Unit						
13	Miles of pipeline	\$2,000	3.9%	\$26,000	\$2,600	25	100	\$1,583
5	Wells	\$11,000	3.9%	\$55,000	\$5,500	25	100	\$3,350
65	Miles of Fence	\$4,000	3.9%	\$260,000	\$26,000	25	100	\$15,835
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				\$366,000				\$22,151
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	3/4 ton pickup 4WD	\$32,000	7.0%	\$0	\$0	7	50	\$0
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
Sub Total				\$54,000				\$5,955
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
10	Horses	\$2,500	7.0%	\$25,000	\$9,500	10	100	\$2,872
16	Bulls	\$2,500	7.0%	\$39,375	\$14,963	4	100	\$8,255
90	Cows	1,000	7.0%	\$90,000	\$34,200	8	100	\$11,739
145	Total AUys							
Sub Total				\$64,375				\$11,126
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
315	Cows	\$1,000	7.0%	\$315,000	\$119,700			\$17,388
47	Replacement Heifers	\$1,000	7.0%	\$47,250	\$17,955			\$2,608
350	Total AUys							
Sub Total				\$362,250	\$137,655			\$19,996
Total				<u>\$2,166,625</u>				<u>\$48,103</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)