

**SOUTHEAST REGION
EX-LARGE STOCKER BUDGET 2012**

HERD SIZE 1200

DEATH LOSS PERCENT¹

3%

VALUE OF PRODUCTION					VALUE PER HEAD	
	QUANTITY	WEIGHT	PRICE ²	VALUE		NEW VALUE
STEER CALVES	1164	750	\$1.35	\$1,178,550	\$982.13	_____

TOTAL	1164			\$1,178,550	\$982.13	_____

VARIABLE COSTS							VALUE PER HEAD	
		UNITS	QUANTITY/PERCENT	PRICE	COST		NEW VALUE	
1. FEED COSTS							_____	
	HAY	TON	0.00	\$125	\$0	\$0.00	_____	
	STATE	AUY	0.0%	\$0.00	\$0	\$0.00	_____	
	FEDERAL LEASE	AUY	0.0%	\$0.00	\$0	\$0.00	_____	
	PRIVATE(Owned)	AUY	100.0%	\$19.00	\$91,200	\$76.00	_____	
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____	
	SALT & MINERAL	TON	22.50	\$240	\$5,400	\$4.50	_____	
	PROTEIN SUPP	TON	45.00	\$415	\$18,675	\$15.56	_____	
	OTHER		0.00	\$0	<u>\$0</u>	<u>\$0.00</u>	_____	
	TOTAL				\$115,275	\$96.06	_____	

2. OTHER VARIABLE COSTS					COST		NEW VALUE
	VET AND MEDICINE				\$19,152	\$15.96	_____
	LIVESTOCK HAULING				\$0	\$0.00	_____
	HIRED LABOR				\$14,400	\$12.00	_____
	OPERATING COSTS-EQUIP & MACH				\$4,305	\$3.59	_____
	OPERATING COSTS-VEHICLE				\$4,920	\$4.10	_____
	RANCH MAINTENANCE				\$4,121	\$3.43	_____
	BEEF CHECKOFF				\$1,164	\$0.97	_____
	LIVESTOCK PURCHASES				<u>\$783,000</u>	<u>\$652.50</u>	_____
	TOTAL				\$831,062	\$692.55	_____

3. INTEREST ON VARIABLE COSTS							VALUE PER HEAD
	SUM OF VARIABLE COSTS X MONTHS BORROWED						
	X INTEREST RATE PER MONTH						
	ANNUAL INTEREST RATE				7.0%		
	NUMBER OF MONTHS BORROWED				6		
					\$33,122	\$27.60	_____
	TOTAL				\$979,458	\$816.22	_____
	RETURN				\$199,092	\$165.91	_____

OWNERSHIP COSTS		Annual Capital Recovery ⁴ (At Replacement Valve):	Represents 65% Asset Ownership ⁵	VALUE PER HEAD	NEW VALUE
CASH COSTS					
	Taxes & Insurance			\$15,552	\$12.96
	Overhead			\$4,000	\$3.33
	Total			\$19,552	\$16.29
NON CASH COSTS					
	Purchased Livestock			\$0	\$0.00
	Machinery & Equipment			\$0	\$0.00
	Housing & Improvements			\$0	\$0.00
	Interest on Retained Livestock ⁶			\$0	\$0.00
	Management & Operation Labor (6% of gross returns)			\$70,713	\$58.93
	Total			\$70,713	\$58.93
TOTAL FIXED COSTS				\$90,265	\$75.22
TOTAL CASH AND VARIABLE COSTS				\$999,010	\$832.51
TOTAL COSTS				\$1,069,723	\$891.44
RETURN ABOVE TOTAL CASH COSTS				\$179,540	\$149.62
RETURN ABOVE TOTAL COSTS				\$108,827	\$90.69

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$7,255.25	\$7,400.07
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$7,255.25	\$7,923.87

1) Death loss indicates those calves which were turned out but were not accounted for when removed from the pasture
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
YEARLING 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
90,000	Acres of private land	\$85	3.9%	\$7,650,000	\$7,650,000			
500	AU Values ¹	\$2,500	3.9%	\$1,250,000	\$1,250,000			
Sub Totals				\$8,900,000				
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			
3	3/4 ton pickup 4WD	\$30,000	7.0%	\$90,000	\$18,000	7	50	\$7,310
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				\$159,500				\$15,552
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
Sub Total				\$26,000				\$2,987
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
1200	Stockers	\$550	7.0%	\$660,000	\$250,800			\$36,432
Total AUYS								
Sub Total				\$660,000	\$250,800			\$36,432
Total				<u>\$10,319,500</u>				<u>\$86,708</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)