

**CENTRAL REGION
LARGE COW/CALF BUDGET 2013**

BREED HERD SIZE		210	COW to BULL		20	CALF CROP PERCENT ¹		88%
CULL RATE		15%				REPLACEMENT HEIFER'S KEPT		32
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		92	515	\$1.47	\$69,951		\$333.10	_____
HEIFER CALVES		61	495	\$1.39	\$41,902		\$199.53	_____
CULL COWS		37	900	\$0.70	\$22,995		\$109.50	_____
CULL BULLS		1	1200	\$0.85	\$1,020		\$4.86	_____
FEE HUNTING		1			\$7,000		\$33.33	_____
TOTAL		191			\$142,869		\$680.33	_____
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	42.00	\$250	\$10,500		\$50.00	_____
	STATE	AUY	20.0%	\$34.20	\$0		\$0.00	_____
	FEDERAL LEASE	AUY	40.0%	\$21.60	\$4,536		\$21.60	_____
	PRIVATE(Owned)	AUY	40.0%	\$0.00	\$0		\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0		\$0.00	_____
	SALT & MINERAL	TON	8	\$300	\$2,300		\$10.95	_____
	PROTEIN SUPP	TON	32	\$485	\$15,278		\$72.75	_____
	OTHER		0.00	\$0	\$0		\$0.00	_____
	TOTAL				\$32,613		\$155.30	_____
2. OTHER VARIABLE COSTS								
					<u>COST</u>	<u>VALUE PER COW</u>		<u>NEW VALUE</u>
	VET AND MEDICINE				\$3,234		\$15.40	_____
	LIVESTOCK HAULING				\$962		\$4.58	_____
	HIRED LABOR				\$8,500		\$40.48	_____
	OPERATING COSTS-EQUIP & MACH				\$2,204		\$10.50	_____
	OPERATING COSTS-VEHICLE				\$2,858		\$13.61	_____
	RANCH MAINTENANCE				\$3,720		\$17.71	_____
	BEEF CHECKOFF				\$153		\$0.73	_____
	PURCHASED LIVESTOCK				\$6,000		\$28.57	_____
	TOTAL				\$27,631		\$131.58	_____
3. INTEREST ON VARIABLE COSTS								
	SUM OF VARIABLE COSTS X MONTHS BORROWED							
	X INTEREST RATE PER MONTH							
	ANNUAL INTEREST RATE				6.00%			
	NUMBER OF MONTHS BORROWED				6		<u>VALUE PER COW</u>	
					\$1,807		\$8.61	_____
	TOTAL				\$62,051		\$295.48	_____
OWNERSHIP COSTS								
Annual Capital Recovery ⁴ (At Replacement Valve):					Represents 65% Asset Ownership ⁵ VALUE PER COW NEW VALUE			
CASH COSTS								
	Taxes & Insurance				\$13,392		\$63.77	_____
	Overhead				\$2,200		\$10.48	_____
	Total				\$15,592		\$74.25	_____
NON CASH COSTS								
	Purchased Livestock				\$7,960		\$37.90	_____
	Machinery & Equipment				\$13,111		\$62.43	_____
	Housing & Improvements				\$14,195		\$67.60	_____
	Interest on Retained Livestock ⁶				\$15,997		\$76.18	_____
	Management & Operation Labor (6% of gross returns)				\$8,572		\$40.82	_____
	Total				\$59,835		\$284.93	_____
TOTAL FIXED COSTS					\$75,426		\$359.17	_____
TOTAL CASH AND VARIABLE COSTS					\$77,643		\$369.73	_____
TOTAL COSTS					\$137,478		\$654.66	_____
RETURN ABOVE TOTAL CASH COSTS					\$65,226		\$310.60	_____
RETURN ABOVE TOTAL COSTS					\$5,391		\$25.67	_____
BREAKEVEN CALCULATIONS								
		<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>					
	REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$66.49	\$83.20					
	REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$66.49	\$147.31					

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 2013 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.

**CENTRAL MOUNTAIN 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
10,000	Acres of private land	\$200	3.9%	\$2,000,000	\$2,000,000			\$1,550.00
284	AU Values ¹	\$3,000	3.9%	\$850,500	\$850,500			
Sub Totals				\$2,850,500				
Number	Buildings, Improvements	Price Per Unit	Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
4	Miles of pipeline	\$2,000	3.9%	\$8,000	\$800	25	100	\$487
2	Wells	\$13,000	3.9%	\$26,000	\$2,600	25	100	\$1,583
40	Miles of Fence	\$4,000	3.9%	\$160,000	\$16,000	25	100	\$9,745
1	Corrals/Working Facilities	\$5,000	3.9%	\$5,000	\$500	30	100	\$277
1	Barns & Shop	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
Sub Totals				\$209,000				\$14,195
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
1	3/4 ton pickup 4WD	\$42,000	6.0%	\$42,000	\$8,400	7	50	\$3,261
1	1 ton pickup 4WD	\$45,000	6.0%	\$45,000	\$9,000	7	50	\$3,494
1	Tractor	\$7,000	6.0%	\$7,000	\$1,400	7	100	\$1,087
2	Gooseneck trailer	\$7,500	6.0%	\$15,000	\$3,000	7	100	\$2,330
1	Horse tack	\$6,500	6.0%	\$6,500	\$1,300	10	100	\$785
1	Misc. equipment	\$5,000	6.0%	\$5,000	\$1,000	10	100	\$603
Sub Total				\$120,500				\$13,111
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
10	Horses	\$1,500	6.0%	\$15,000	\$5,700	10	100	\$1,606
11	Bulls	\$3,000	6.0%	\$31,500	\$11,970	4	100	\$6,354
53	Cows	\$1,400	6.0%	\$74,200	\$28,196	8	100	\$9,100
92	Total AUUs			\$46,500				\$7,960
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull	Useful Life	Livestock Share	Annual Capital Recovery
210	Cows	\$1,400	6.0%	\$294,000	\$111,720			\$13,910
32	Replacement Heifers	\$1,400	6.0%	\$44,100	\$16,758			\$2,087
234	Total AUUs			\$338,100	\$128,478			\$15,997
Total				\$3,564,600				\$43,303

- 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)