

**NORTHEAST REGION
MEDIUM COW/CALF BUDGET 2013**

BREED HERD SIZE 160 COW to BULL 20 CALF CROP PERCENT¹ 85%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 24

VALUE OF PRODUCTION

	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>
STEER CALVES	68	550	\$1.50	\$56,100	\$350.63
HEIFER CALVES	44	515	\$1.42	\$32,177	\$201.11
CULL COWS	24	900	\$0.77	\$16,632	\$103.95
CULL BULLS	1	1200	\$0.87	\$1,044	\$6.53
FEE HUNTING	1			<u>\$6,000</u>	\$37.50
TOTAL	137			\$111,953	\$699.71

VARIABLE COSTS

	<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>
1. FEED COSTS					
HAY	TON	12.00	\$225	\$2,700	\$16.88
BLM	AUY	0.0%	\$21.60	\$0	\$0.00
STATE	AUY	17.0%	\$34.20	\$930	\$5.81
FEDERAL LEASE	AUY	30.0%	\$16.56	\$2,650	\$16.56
PRIVATE(Owned)	AUY	53.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	6	\$295	\$1,723	\$10.77
PROTEIN SUPP	TON	30	\$480	\$14,400	\$90.00
OTHER					
TOTAL				\$22,403	\$140.02

2. OTHER VARIABLE COSTS

	<u>COST</u>	<u>VALUE PER COW</u>
VET AND MEDICINE	\$2,464	\$15.40
LIVESTOCK HAULING	\$703	\$4.39
HIRED LABOR	\$3,000	\$18.75
OPERATING COSTS-EQUIP & MACH	\$1,830	\$11.44
OPERATING COSTS-VEHICLE	\$4,066	\$25.41
RANCH MAINTENANCE	\$2,846	\$17.79
BEEF CHECKOFF	\$112	\$0.70
PURCHASED LIVESTOCK	<u>\$6,000</u>	<u>\$37.50</u>
TOTAL	\$21,021	\$131.38

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	VALUE PER COW
			HIGH
		\$1,303	\$8.14
		<u>\$44,726</u>	<u>\$279.54</u>
TOTAL		\$67,227	\$420.17

OWNERSHIP COSTS

Annual Capital Recovery ⁴ (At Replacement Valve):		Represents 65% Asset Ownership	VALUE PER COW
		TOTAL	VALUE PER COW
CASH COSTS			
Taxes & Insurance		\$5,633	\$35.21
Overhead		\$2,000	\$12.50
Total		<u>\$7,633</u>	<u>\$47.71</u>
NON CASH COSTS			
Purchased Livestock		\$5,805	\$36.28
Machinery & Equipment		\$5,633	\$35.21
Housing & Improvements		\$19,443	\$121.52
Interest on Retained Livestock		\$13,059	\$81.62
Management & Operation Labor (6% of gross returns)		<u>\$6,717</u>	<u>\$41.98</u>
Total		<u>\$50,657</u>	<u>\$316.61</u>
TOTAL FIXED COSTS		\$58,290	\$364.32
TOTAL CASH AND VARIABLE COSTS		\$52,359	\$327.24
TOTAL COSTS		\$103,016	\$643.85
RETURN ABOVE TOTAL CASH COSTS		\$59,594	\$372.46
RETURN ABOVE TOTAL COSTS		\$8,937	\$55.86

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$61.76	\$72.30
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$61.76	\$142.25

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.

**NORTHEAST REGION
MEDIUM 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
7,000	Acres of private land	\$85	3.9%	\$595,000	\$595,000			
200	AU Values ¹	\$2,500	3.9%	\$500,000	\$500,000			
Sub Totals				\$1,095,000				
Number	Buildings, Improvements	Price Per Unit						
10	Miles of pipeline	\$2,000	3.9%	\$20,000	\$2,000	25	100	\$1,218
6	Wells	\$12,000	3.9%	\$72,000	\$7,200	25	100	\$4,385
50	Miles of Fence	\$4,000	3.9%	\$200,000	\$20,000	25	100	\$12,181
1	Corrals/Working Facilities	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Sub Totals				\$322,000				\$19,443
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$42,000	6.0%	\$42,000	\$8,400	7	50	\$3,261
0	1 ton pickup 4WD	\$45,000	6.0%	\$0	\$0	7	50	\$0
0	Tractor	\$7,000	6.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$7,500	6.0%	\$7,500	\$1,500	7	100	\$1,165
1	Horse tack	\$3,500	6.0%	\$3,500	\$700	10	100	\$422
1	Misc. equipment	\$6,500	6.0%	\$6,500	\$1,300	10	100	\$785
Sub Total				\$59,500				\$5,633
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
6	Horses	\$1,500	6.0%	\$9,000	\$3,420	10	100	\$963
8	Bulls	\$3,000	6.0%	\$24,000	\$9,120	4	100	\$4,841
40	Cows	\$1,500	6.0%	\$60,000	\$22,800	8	100	\$7,359
68	Total AUYS							
Sub Total				\$33,000				\$5,805
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
160	Cows	\$1,500	6.0%	\$240,000	\$91,200			\$11,355
24	Replacement Heifers	\$1,500	6.0%	\$36,000	\$13,680			\$1,703
178	Total AUYS							
Sub Total				\$276,000	\$104,880			\$13,059
Total				<u>\$1,785,500</u>				<u>\$38,135</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.