

**NORTHEAST REGION  
MEDIUM COW/CALF BUDGET**

<b>BREED HERD SIZE</b>	160	<b>COW to BULL</b>	20	<b>CALF CROP PERCENT<sup>1</sup></b>	85%
<b>CULL RATE</b>	15%			<b>REPLACEMENT HEIFER'S KEPT</b>	24

VALUE OF PRODUCTION					
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	68	550	\$1.14	\$42,636	\$266.48
HEIFER CALVES	44	515	\$1.07	\$24,246	\$151.54
CULL COWS	37	900	\$0.46	\$15,318	\$95.74
CULL BULLS	1	1200	\$0.53	\$636	\$3.98
<b>TOTAL</b>	<b>150</b>			<b>\$82,836</b>	<b>\$517.73</b>

**VARIABLE COSTS**

1. FEED COSTS					
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
HAY	TON	12.00	\$150	\$1,800	\$11.25
BLM	AUY	0.0%	\$18.12	\$0	\$0.00
STATE	AUY	17.0%	\$33.36	\$907	\$5.67
FEDERAL LEASE	AUY	30.0%	\$16.20	\$2,592	\$16.20
PRIVATE(Owned)	AUY	53.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	3.00	\$250	\$750	\$4.69
PROTEIN SUPP	TON	4.00	\$350	\$1,400	\$8.75
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$7,449</b>	<b>\$46.56</b>
2. OTHER VARIABLE COSTS					
				<b>COST</b>	
VET AND MEDICINE				\$2,120	\$13.25
LIVESTOCK HAULING				\$750	\$4.69
HIRED LABOR				\$2,200	\$13.75
OPERATING COSTS-EQUIP & MACH				\$1,485	\$9.28
OPERATING COSTS-VEHICLE				\$3,300	\$20.63
RANCH MAINTENANCE				\$2,310	\$14.44
BEEF CHECKOFF				\$112	\$0.70
PURCHASED LIVESTOCK				\$6,500	\$40.63
<b>TOTAL</b>				<b>\$18,777</b>	<b>\$117.36</b>
3. INTEREST ON VARIABLE COSTS					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.50%	
NUMBER OF MONTHS BORROWED				6	VALUE PER COW
					HIGH
				\$983	\$6.15
<b>TOTAL</b>				<b>\$27,210</b>	<b>\$170.06</b>
				<b>\$55,626</b>	<b>\$347.66</b>

**OWNERSHIP COSTS**

Annual Capital Recovery <sup>4</sup> (At Replacement Value):		Represents 65% Asset Ownership	VALUE PER COW
		TOTAL	VALUE PER COW
CASH COSTS			
Taxes & Insurance		\$4,688	\$29.30
Overhead		\$2,000	\$12.50
<b>Total</b>		<b>\$6,688</b>	<b>\$41.80</b>
NON CASH COSTS			
Purchased Livestock		\$4,955	\$30.97
Machinery & Equipment		\$4,688	\$29.30
Housing & Improvements		\$19,443	\$121.52
Interest on Retained Livestock		\$7,545	\$47.16
Management & Operation Labor ( 6% of gross returns)		\$4,970	\$31.06
<b>Total</b>		<b>\$41,602</b>	<b>\$260.01</b>
<b>TOTAL FIXED COSTS</b>		<b>\$48,290</b>	<b>\$301.81</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$33,898</b>	<b>\$211.86</b>
<b>TOTAL COSTS</b>		<b>\$75,500</b>	<b>\$471.87</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$48,938</b>	<b>\$305.86</b>
<b>RETURN ABOVE TOTAL COSTS</b>		<b>\$7,337</b>	<b>\$45.85</b>

BREAKEVEN CALCULATIONS			
	VARIABLE COSTS	TOTAL COSTS	
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$37.57	\$46.81	
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$37.57	\$104.25	

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 2008 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**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
7,000	Acres of private land	\$85	3.9%	\$595,000	\$595,000			
200	AU Values <sup>1</sup>	\$2,500	3.9%	\$500,000	\$500,000			
<b>Sub Totals</b>				\$1,095,000				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
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
<b>Sub Totals</b>				\$322,000				\$19,443
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
0	1 ton pickup 4WD	\$32,000	7.5%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$6,500	7.5%	\$6,500	\$1,300	7	100	\$1,079
1	Horse tack	\$3,500	7.5%	\$3,500	\$700	10	100	\$460
1	Misc. equipment	\$5,000	7.5%	\$5,000	\$1,000	10	100	\$658
<b>Sub Total</b>				\$45,000				\$4,688
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
6	Horses	\$2,500	6.5%	\$15,000	\$5,700	10	100	\$1,664
8	Bulls	\$2,000	6.5%	\$16,000	\$6,080	4	100	\$3,291
40	Cows	\$800	6.5%	\$32,000	\$12,160	8	100	\$4,049
<b>68</b>	<b>Total AUUs</b>							
<b>Sub Total</b>				\$31,000				\$4,955
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>			<b>Interest on Investment</b>
160	Cows	\$800	6.5%	\$128,000	\$48,640			\$6,561
24	Replacement Heifers	\$800	6.5%	\$19,200	\$7,296			\$984
<b>178</b>	<b>Total AUUs</b>							
<b>Sub Total</b>				\$147,200	\$55,936			\$7,545
<b>Total</b>				<u>\$1,640,200</u>				<u>\$31,676</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 7.50% was used.

3) A rate of 6.50 percent reflects a typical return on a low -risk investment (30 YR Treasury Bond)