

**NORTHEAST REGION
EX-LARGE COW/CALF BUDGET**

BREED HERD SIZE 440 COW to BULL 20 CALF CROP PERCENT¹ 87%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 66

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW
STEER CALVES	191	550	\$1.14	\$120,008	\$272.75
HEIFER CALVES	125	515	\$1.07	\$69,102	\$157.05
CULL COWS	37	1000	\$0.46	\$17,020	\$38.68
CULL BULLS	1	1200	\$0.53	\$636	\$1.45
TOTAL	355			\$206,765	\$469.92

VARIABLE COSTS

	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
1. FEED COSTS					
HAY	TON	88.00	\$150	\$13,200	\$30.00
STATE	AUY	30.0%	\$33.36	\$4,404	\$10.01
FEDERAL LEASE	AUY	7.0%	\$18.12	\$7,973	\$18.12
PRIVATE(Owned)	AUY	55.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	7.00	\$250	\$1,750	\$3.98
PROTEIN SUPP	TON	15.00	\$350	\$5,250	\$11.93
OTHER		0.00	\$0	\$0	\$0.00
TOTAL				\$32,576	\$74.04
2. OTHER VARIABLE COSTS					
VET AND MEDICINE				\$5,830	\$13.25
LIVESTOCK HAULING				\$1,774	\$4.03
HIRED LABOR				\$19,800	\$45.00
OPERATING COSTS-EQUIP & MACH				\$4,950	\$11.25
OPERATING COSTS-VEHICLE				\$4,400	\$10.00
RANCH MAINTENANCE				\$3,685	\$8.38
BEEF CHECKOFF				\$317	\$0.72
LIVESTOCK PURCHASES				\$7,500	\$17.05
TOTAL				\$48,256	\$109.67
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
				\$3,031	\$6.89
TOTAL				\$83,863	\$190.60
				\$122,902	\$279.32

OWNERSHIP COSTS

	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵ VALUE PER COW
CASH COSTS		
Taxes & Insurance		\$13,416 \$30.49
Overhead		\$3,500 \$7.95
Total		\$16,916 \$38.45
NON CASH COSTS		
Purchased Livestock		\$12,656 \$28.76
Machinery & Equipment		\$13,416 \$30.49
Housing & Improvements		\$34,724 \$78.92
Interest on Retained Livestock ⁶		\$20,749 \$47.16
Management & Operation Labor (6% of gross returns)		\$7,374 \$16.76
Total		\$88,919 \$202.09
TOTAL FIXED COSTS		\$105,835 \$240.53
TOTAL CASH AND VARIABLE COSTS		\$100,779 \$229.04
TOTAL COSTS		\$189,698 \$431.13
RETURN ABOVE TOTAL CASH COSTS		\$105,986 \$240.88
RETURN ABOVE TOTAL COSTS		\$17,068 \$38.79

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$41.14	\$49.44
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$41.14	\$93.06

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
EXTRA-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
15,000	Acres of private land	\$85	3.9%	\$1,275,000	\$1,275,000			
500	AU Values ¹	\$2,500	3.9%	\$1,250,000	\$1,250,000			
Sub Totals				\$2,525,000				
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			
2	3/4 ton pickup 4WD	\$30,000	7.5%	\$60,000	\$12,000	7	50	\$4,981
1	1 ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
3	Gooseneck trailer	\$6,500	7.5%	\$19,500	\$3,900	7	100	\$3,238
1	Horse tack	\$6,000	7.5%	\$6,000	\$1,200	10	100	\$789
1	Misc. equipment	\$7,000	7.5%	\$7,000	\$1,400	10	100	\$921
Sub Total				\$129,500				\$13,416
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
13	Horses	\$2,500	6.5%	\$32,500	\$12,350	10	100	\$3,606
22	Bulls	\$2,000	6.5%	\$44,000	\$16,720	4	100	\$9,050
90	Cows	\$800	6.5%	\$72,000	\$27,360	8	100	\$9,110
156	Total AUYS							
Sub Total				\$76,500				\$12,656
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
440	Cows	\$800	6.5%	\$352,000	\$133,760			\$18,043
66	Replacement Heifers	\$800	6.5%	\$52,800	\$20,064			\$2,706
490	Total AUYS							
Sub Total				\$404,800	\$153,824			\$20,749
Total				\$3,709,800				\$68,889

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)