

**NORTHWEST REGION
EX-LARGE COW/CALF BUDGET 2013**

	BREED HERD SIZE CULL RATE	400 15%	COW TO BULL	20	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	86% 60
VALUE OF PRODUCTION						
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	
STEER CALVES	172	510	\$1.45	\$127,194	\$317.99	_____
HEIFER CALVES	112	485	\$1.37	\$74,418	\$186.05	_____
CULL COWS	80	900	\$0.72	\$51,840	\$129.60	_____
CULL BULLS	1	1200	\$0.82	\$984	\$2.46	_____
FEE HUNTING	1			\$12,500	\$31.25	_____
TOTAL	365			\$266,936	\$667.34	_____
VARIABLE COSTS						
	<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	
1. FEED COSTS						<u>NEW VALUE</u>
HAY	TON	30.00	\$235	\$7,050	\$17.63	_____
STATE	AUY	45.0%	\$43.32	\$7,798	\$19.49	_____
FEDERAL LEASE	AUY	35.0%	\$21.60	\$3,024	\$7.56	_____
PRIVATE(Owned)	AUY	20.0%	\$0	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
SALT & MINERAL	TON	15	\$300	\$4,380	\$10.95	_____
PROTEIN SUPP	TON	56	\$505	\$28,280	\$70.70	_____
TOTAL				\$50,532	\$126.33	_____
2. OTHER VARIABLE COSTS				<u>COST</u>		<u>NEW VALUE</u>
VET AND MEDICINE				\$6,160	\$15.40	_____
LIVESTOCK HAULING				\$1,840	\$4.60	_____
HIRED LABOR				\$25,000	\$62.50	_____
OPERATING COSTS-EQUIP & MACH				\$5,167	\$12.92	_____
OPERATING COSTS-VEHICLE				\$4,822	\$12.05	_____
RANCH MAINTENANCE				\$4,546	\$11.37	_____
BEEF CHECKOFF				\$284	\$0.71	_____
OTHER				\$10,000	\$25.00	_____
TOTAL				\$57,818	\$144.54	_____
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>
				\$3,250	\$8.13	_____
TOTAL				\$111,600	\$279.00	_____
TOTAL				\$155,336	\$388.34	_____
OWNERSHIP COSTS						
	Annual Capital Recovery ⁴ (At Replacement Valve):			Represents 65% Asset Ownership ⁵		<u>VALUE PER COW</u>
CASH COSTS						<u>NEW VALUE</u>
Taxes & Insurance				\$16,349	\$40.87	_____
Overhead				\$3,500	\$8.75	_____
Total				\$19,849	\$49.62	_____
NON CASH COSTS						
Purchased Livestock				\$16,208	\$40.52	_____
Machinery & Equipment				\$16,349	\$40.87	_____
Housing & Improvements				\$33,180	\$82.95	_____
Interest on Retained Livestock ⁶				\$28,294	\$70.73	_____
Management & Operation Labor (6% of gross returns)				\$16,016	\$40.04	_____
Total				\$110,047	\$275.12	_____
TOTAL FIXED COSTS				\$129,896	\$324.74	_____
TOTAL CASH AND VARIABLE COSTS				\$131,449	\$328.62	_____
TOTAL COSTS				\$241,496	\$603.74	_____
RETURN ABOVE TOTAL CASH COSTS				\$135,487	\$338.72	_____
RETURN ABOVE TOTAL COSTS				\$25,441	\$63.60	_____
BREAKEVEN CALCULATIONS						
	<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>				
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$65.21	\$76.81				
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$65.21	\$141.11				

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 2012 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.

**NORTHWEST MOUNTAIN 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
8,000	Acres of private land	\$80	3.9%	\$640,000	\$640,000			
500	AU Values ¹	\$2,400	3.9%	\$1,200,000	\$1,200,000			
Sub Totals				\$1,840,000				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$2,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
7	Wells	\$11,000	3.9%	\$77,000	\$7,700	25	100	\$4,690
100	Miles of Fence	\$4,000	3.9%	\$400,000	\$40,000	25	100	\$24,361
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
Sub Totals				\$548,000				\$33,180
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$42,000	6.0%	\$84,000	\$16,800	7	50	\$6,523
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
3	Gooseneck trailer	\$7,500	6.0%	\$22,500	\$4,500	7	100	\$3,494
1	Horse tack	\$6,500	6.0%	\$6,500	\$1,300	10	100	\$785
1	Misc. equipment	\$8,000	6.0%	\$8,000	\$1,600	10	100	\$966
Sub Total				\$173,000				\$16,349
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
13	Horses	\$1,500	6.0%	\$19,500	\$7,410	10	100	\$2,087
20	Bulls	\$3,500	6.0%	\$70,000	\$26,600	4	100	\$14,121
100	Cows	\$1,300	6.0%	\$130,000	\$49,400	8	100	\$15,943
166	Total AUUs							
Sub Total				\$89,500				\$16,208
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
400	Cows	\$1,300	6.0%	\$520,000	\$197,600			\$24,603
60	Replacement Heifers	\$1,300	6.0%	\$78,000	\$29,640			\$3,691
445	Total AUUs							
Sub Total				\$598,000	\$227,240			\$28,294
Total				<u>\$3,248,500</u>				<u>\$77,823</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.