

**NORTHWEST REGION  
LARGE COW/CALF BUDGET**

BREED HERD SIZE 280 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 83%  
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 42

VALUE OF PRODUCTION						VALUE PER COW	
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE		NEW VALUE	
STEER CALVES	116	510	\$1.09	\$64,596	\$230.70	_____	
HEIFER CALVES	74	485	\$1.01	\$36,347	\$129.81	_____	
CULL COWS	37	900	\$0.41	\$13,653	\$48.76	_____	
CULL BULLS	1	1200	\$0.48	\$576	\$2.06	_____	
<b>TOTAL</b>	<b>228</b>			<b>\$115,171</b>	<b>\$411.33</b>	_____	

VARIABLE COSTS						VALUE PER COW	
1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST		NEW VALUE	
HAY	TON	25.00	\$150.00	\$3,750	\$13.39	_____	
STATE	AUY	45.0%	\$33.36	\$4,203	\$15.01	_____	
FEDERAL LEASE	AUY	35.0%	\$18.12	\$5,074	\$18.12	_____	
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00	_____	
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____	
SALT & MINERAL	TON	4.00	\$250.00	\$1,000	\$3.57	_____	
PROTEIN SUPP	TON	4.00	\$350.00	\$1,400	\$5.00	_____	
OTHER		0.00	\$0.00	\$0	\$0.00	_____	
				\$15,427	\$55.10	_____	

<b>2. OTHER VARIABLE COSTS</b>						<b>COST</b>	<b>VALUE PER COW</b>
VET AND MEDICINE				\$3,710	\$13.25	_____	
LIVESTOCK HAULING				\$1,142	\$4.08	_____	
HIRED LABOR				\$9,900	\$35.36	_____	
OPERATING COSTS-EQUIP & MACH				\$3,300	\$11.79	_____	
OPERATING COSTS-VEHICLE				\$4,400	\$15.71	_____	
RANCH MAINTENANCE				\$2,915	\$10.41	_____	
BEEF CHECKOFF				\$190	\$0.68	_____	
OTHER				\$6,500	\$23.21	_____	
<b>TOTAL</b>				<b>\$32,057</b>	<b>\$114.49</b>	_____	

<b>3. INTEREST ON VARIABLE COSTS</b>						<b>VALUE PER COW</b>
SUM OF VARIABLE COSTS X MONTHS BORROWED						_____
X INTEREST RATE PER MONTH						_____
ANNUAL INTEREST RATE				7.50%		_____
NUMBER OF MONTHS BORROWED				6		_____
				\$1,781	\$6.36	_____
<b>TOTAL</b>				<b>\$49,265</b>	<b>\$175.95</b>	_____
				<b>\$65,906</b>	<b>\$235.38</b>	_____

OWNERSHIP COSTS						VALUE PER COW NEW VALUE	
Annual Capital Recovery <sup>4</sup> (At Replacement Value):			Represents 65% Asset Ownership <sup>5</sup>				
<b>CASH COSTS</b>							
Taxes & Insurance				\$6,096	\$21.77	_____	
Overhead				\$2,163	\$7.73	_____	
<b>Total</b>				<b>\$8,259</b>	<b>\$29.50</b>	_____	
<b>NON CASH COSTS</b>							
Purchased Livestock				\$8,533	\$30.47	_____	
Machinery & Equipment				\$6,096	\$21.77	_____	
Housing & Improvements				\$22,151	\$79.11	_____	
Interest on Retained Livestock <sup>6</sup>				\$13,204	\$47.16	_____	
Management & Operation Labor ( 6% of gross returns)				\$3,954	\$14.12	_____	
<b>Total</b>				<b>\$53,938</b>	<b>\$192.64</b>	_____	
<b>TOTAL FIXED COSTS</b>				<b>\$62,197</b>	<b>\$222.13</b>	_____	
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$57,524</b>	<b>\$205.44</b>	_____	
<b>TOTAL COSTS</b>				<b>\$111,462</b>	<b>\$398.08</b>	_____	
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$57,647</b>	<b>\$205.88</b>	_____	
<b>RETURN ABOVE TOTAL COSTS</b>				<b>\$3,709</b>	<b>\$13.25</b>	_____	

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$42.61	\$49.75
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$42.61	\$96.40

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.

**NORTHWEST REGION  
LARGE 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>
6,000	Acres of private land	\$80	3.9%	\$480,000	\$480,000			
350	AU Values <sup>1</sup>	\$2,400	3.9%	\$840,000	\$840,000			
<b>Sub Totals</b>				\$1,320,000				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
13	Miles of pipeline	\$2,000	3.9%	\$26,000	\$2,600	25	100	\$1,583
5	Wells	\$11,000	3.9%	\$55,000	\$5,500	25	100	\$3,350
65	Miles of Fence	\$4,000	3.9%	\$260,000	\$26,000	25	100	\$15,835
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
<b>Sub Totals</b>				\$366,000				\$22,151
<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	3/4 ton pickup 4WD	\$32,000	7.5%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$6,500	7.5%	\$13,000	\$2,600	7	100	\$2,159
1	Horse tack	\$5,000	7.5%	\$5,000	\$1,000	10	100	\$658
1	Misc. equipment	\$6,000	7.5%	\$6,000	\$1,200	10	100	\$789
<b>Sub Total</b>				\$54,000				\$6,096
<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>			
10	Horses	\$2,500	6.5%	\$25,000	\$9,500	10	100	\$2,774
14	Bulls	\$2,000	6.5%	\$28,000	\$10,640	4	100	\$5,759
90	Cows	800	6.5%	\$72,000	\$27,360	8	100	\$9,110
<b>143</b>	<b>Total AUUs</b>							<b>\$8,533</b>
<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>
280	Cows	\$800	6.5%	\$224,000	\$85,120			\$11,482
42	Replacement Heifers	\$800	6.5%	\$33,600	\$12,768			\$1,722
<b>312</b>	<b>Total AUUs</b>							<b>\$13,204</b>
<b>Sub Total</b>				\$257,600	\$97,888			\$13,204
<b>Total</b>				<b>\$2,050,600</b>				<b>\$41,451</b>

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)