

**SOUTHEAST REGION
EX-LARGE COW/CALF BUDGET 2012**

BREED HERD SIZE 495 COW to BULL 20 CALF CROP PERCENT¹ 85%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 74.25

VALUE OF PRODUCTION

	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
STEER CALVES	210	510	\$1.39	\$149,135	\$301.28	_____
HEIFER CALVES	136	485	\$1.31	\$86,487	\$174.72	_____
CULL COWS	74.25	900	\$0.66	\$44,105	\$89.10	_____
CULL BULLS	1	1200	\$0.72	\$864	\$1.75	_____
TOTAL	422			\$280,590	\$566.85	_____

VARIABLE COSTS

		<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
1. FEED COSTS							
	HAY	TON	33.00	\$125	\$4,125	\$8.33	_____
	STATE	AUY	45.0%	\$38.04	\$8,473	\$17.12	_____
	FEDERAL LEASE	AUY	25.0%	\$21.60	\$10,692	\$21.60	_____
	PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
	SALT & MINERAL	TON	8.00	\$300	\$2,400	\$4.85	_____
	PROTEIN SUPP	TON	12.00	\$525	\$6,300	\$12.73	_____
	OTHER		0.00	\$0	\$0	\$0.00	_____
	TOTAL				\$31,990	\$64.63	_____

2. OTHER VARIABLE COSTS

		<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
	VET AND MEDICINE	\$7,419	\$14.99	_____
	LIVESTOCK HAULING	\$2,069	\$4.18	_____
	HIRED LABOR	\$27,000	\$54.55	_____
	OPERATING COSTS-EQUIP & MACH	\$4,305	\$8.70	_____
	OPERATING COSTS-VEHICLE	\$4,428	\$8.95	_____
	RANCH MAINTENANCE	\$3,936	\$7.95	_____
	BEEF CHECKOFF	\$347	\$0.70	_____
	OTHER	\$15,000	\$30.30	_____
	TOTAL	\$64,503	\$130.31	_____

3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED				
X INTEREST RATE PER MONTH				
ANNUAL INTEREST RATE			7.00%	
NUMBER OF MONTHS BORROWED			6	<u>VALUE PER COW</u>
			\$3,377	\$6.82
			\$99,871	\$201.76
	TOTAL		\$180,720	\$365.09

OWNERSHIP COSTS

		<u>Annual Capital Recovery⁴ (At Replacement Valve):</u>	<u>Represents 65% Asset Ownership⁵</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
CASH COSTS					
	Taxes & Insurance		\$12,987	\$26.24	_____
	Overhead		\$5,000	\$10.10	_____
	Total		\$17,987	\$36.34	_____
NON CASH COSTS					
	Purchased Livestock		\$15,729	\$31.77	_____
	Machinery & Equipment		\$12,987	\$26.24	_____
	Housing & Improvements		\$35,754	\$72.23	_____
	Interest on Retained Livestock ⁶		\$31,423	\$63.48	_____
	Management & Operation Labor (6% of gross returns)		\$16,835	\$34.01	_____
	Total		\$112,728	\$227.73	_____
TOTAL FIXED COSTS			\$130,715	\$264.07	_____
TOTAL CASH AND VARIABLE COSTS			\$117,858	\$238.10	_____
TOTAL COSTS			\$230,586	\$465.83	_____
RETURN ABOVE TOTAL CASH COSTS			\$162,733	\$328.75	_____
RETURN ABOVE TOTAL COSTS			\$50,005	\$101.02	_____

BREAKEVEN CALCULATIONS

	<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$47.71	\$56.30
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$47.71	\$110.16

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.