

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

BREED HERD SIZE 440 COW to BULL 20 CALF CROP PERCENT¹ 84%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 66

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	185	510	\$1.09	\$102,730	\$233.48	_____
HEIFER CALVES	119	485	\$1.01	\$58,194	\$132.26	_____
CULL COWS	37	900	\$0.43	\$14,319	\$32.54	_____
CULL BULLS	1	1200	\$0.50	\$600	\$1.36	_____
TOTAL	342			\$175,844	\$399.64	_____

VARIABLE COSTS

1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
HAY	TON	33.00	\$150	\$4,950	\$11.25	_____
STATE	AUY	45.0%	\$33.36	\$6,605	\$15.01	_____
FEDERAL LEASE	AUY	25.0%	\$18.12	\$7,973	\$18.12	_____
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	\$250	\$2,000	\$4.55	_____
PROTEIN SUPP	TON	12.00	\$350	\$4,200	\$9.55	_____
OTHER		0.00	\$0	\$0	\$0.00	_____
TOTAL				\$25,728	\$58.47	_____

2. OTHER VARIABLE COSTS

	COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE	\$5,830	\$13.25	_____
LIVESTOCK HAULING	\$1,708	\$3.88	_____
HIRED LABOR	\$19,800	\$45.00	_____
OPERATING COSTS-EQUIP & MACH	\$3,850	\$8.75	_____
OPERATING COSTS-VEHICLE	\$3,960	\$9.00	_____
RANCH MAINTENANCE	\$3,520	\$8.00	_____
BEEF CHECKOFF	\$304	\$0.69	_____
OTHER	\$6,500	\$14.77	_____
TOTAL	\$45,472	\$103.34	_____

3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED	ANNUAL INTEREST RATE	NUMBER OF MONTHS BORROWED	VALUE PER COW
	7.50%	6	
			\$2,670
			\$6.07
TOTAL			\$73,870
			\$167.89
TOTAL			\$101,974
			\$231.76

OWNERSHIP COSTS

	Annual Capital Recovery ⁴ (At Replacement Valve):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS				
Taxes & Insurance		\$12,691	\$28.84	_____
Overhead		\$3,500	\$7.95	_____
Total		\$16,191	\$36.80	_____
NON CASH COSTS				
Purchased Livestock		\$12,378	\$28.13	_____
Machinery & Equipment		\$12,691	\$28.84	_____
Housing & Improvements		\$35,754	\$81.26	_____
Interest on Retained Livestock ⁶		\$20,749	\$47.16	_____
Management & Operation Labor (6% of gross returns)		\$10,551	\$23.98	_____
Total		\$92,123	\$209.37	_____
TOTAL FIXED COSTS		\$108,315	\$246.17	_____
TOTAL CASH AND VARIABLE COSTS		\$90,061	\$204.68	_____
TOTAL COSTS		\$182,184	\$414.06	_____
RETURN ABOVE TOTAL CASH COSTS		\$85,782	\$194.96	_____
RETURN ABOVE TOTAL COSTS		(\$6,341)	(\$14.41)	_____

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$40.17	\$48.98
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$40.17	\$99.08

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 2009 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.

**SOUTHEAST 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
10,000	Acres of private land	\$65	3.9%	\$650,000	\$650,000			
550	AU Values ¹	\$2,450	3.9%	\$1,347,500	\$1,347,500			
Sub Totals				\$1,997,500				
Number	Buildings, Improvements	Price Per Unit						
15	Miles of pipeline	\$2,000	3.9%	\$30,000	\$3,000	25	100	\$1,827
8	Wells	\$11,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
110	Miles of Fence	\$4,000	3.9%	\$440,000	\$44,000	25	100	\$26,798
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Sub Totals				\$590,000				\$35,754
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$30,000	6.5%	\$60,000	\$12,000	7	50	\$4,766
1	1 ton pickup 4WD	\$32,000	6.5%	\$32,000	\$6,400	7	50	\$2,542
1	Tractor	\$5,000	6.5%	\$5,000	\$1,000	7	100	\$794
3	Gooseneck trailer	\$6,500	6.5%	\$19,500	\$3,900	7	100	\$3,098
1	Horse tack	\$6,000	6.5%	\$6,000	\$1,200	10	100	\$746
1	Misc. equipment	\$6,000	6.5%	\$6,000	\$1,200	10	100	\$746
Sub Total				\$128,500				\$12,691
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
12	Horses	\$2,500	6.5%	\$30,000	\$11,400	10	100	\$3,328
22	Bulls	\$2,000	6.5%	\$44,000	\$16,720	4	100	\$9,050
110	Cows	\$800	6.5%	\$88,000	\$33,440	8	100	\$11,134
180	Total AUYS							
Sub Total				\$74,000				\$12,378
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				\$3,194,800				\$69,195

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)