

**CENTRAL MOUNTAIN REGION
SMALL 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
100	Acres of private land	\$900	3.9%	\$90,000	\$90,000			
34	AU Values ¹	\$3,000	3.9%	\$101,250	\$101,250			
Sub Totals				\$191,250				
Number	Buildings, Improvements	Price Per Unit						
0.5	Miles of pipeline	\$2,000	3.9%	\$1,000	\$100	25	100	\$61
1	Wells	\$13,000	3.9%	\$13,000	\$1,300	25	100	\$792
10	Miles of Fence	\$2,500	3.9%	\$25,000	\$2,500	25	100	\$1,523
1	Corrals/Working Facilities	\$5,000	3.9%	\$5,000	\$500	30	100	\$277
1	Barns & Shop	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
Sub Totals				\$54,000				\$3,205
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$28,000	6.5%	\$28,000	\$5,600	7	50	\$2,224
0	3/4 ton pickup 4WD	\$30,000	6.5%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	6.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$4,500	6.5%	\$4,500	\$900	7	100	\$715
1	Horse tack	\$3,500	6.5%	\$3,500	\$700	10	100	\$435
1	Misc. equipment	\$1,500	6.5%	\$1,500	\$300	10	100	\$186
Sub Total				\$37,500				\$3,560
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
3	Horses	\$1,500	6.5%	\$4,500	\$1,710	10	100	\$499
1	Bulls	\$2,000	6.5%	\$2,500	\$950	4	100	\$514
5	Total AUYS							
Sub Total				\$7,000				\$1,013
Head	Retained Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			Interest on Investment
25	Cows	\$800	6.5%	\$20,000	\$7,600			\$1,025
4	Replacement Heifers	\$800	6.5%	\$3,000	\$1,140			\$154
28	Total AUYS							
Sub Total				\$23,000	\$8,740			\$1,179
Total				<u>\$312,750</u>				<u>\$7,944</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.

2) For intermediate assets an interest rate of 6.50% was used.

3) A rate of 6.50 percent reflects a typical return on a low -risk investment (30 YR Treasury Bond)

**CENTRAL REGION
SMALL COW/CALF BUDGET**

	BREED HERD SIZE CULL RATE	33 15%	COW to BULL	20	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	80% 4.88		
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		13	515	\$1.10	\$7,365		\$226.60	_____
HEIFER CALVES		8	495	\$1.02	\$4,102		\$126.23	_____
CULL COWS		5	900	\$0.42	\$1,843		\$56.70	_____
CULL BULLS		1	1200	\$0.49	\$588		\$18.09	_____
TOTAL		27			\$13,898		\$427.62	_____
VARIABLE COSTS								
1. FEED COSTS		<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>		<u>VALUE PER COW</u>	<u>NEW VALUE</u>
	HAY	TON	5.00	\$150	\$750		\$23.08	_____
	STATE	AUY	0.0%	\$33.36	\$0		\$0.00	_____
	FEDERAL LEASE	AUY	50.0%	\$18.12	\$589		\$18.12	_____
	PRIVATE(Owned)	AUY	50.0%	\$0.00	\$0		\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0		\$0.00	_____
	SALT & MINERAL	TON	2.00	\$250	\$500		\$15.38	_____
	PROTEIN SUPP	TON	3.00	\$350	\$1,050		\$32.31	_____
	OTHER		0.00	\$0	\$0		\$0.00	_____
TOTAL					\$2,889		\$88.89	_____
2. OTHER VARIABLE COSTS					<u>COST</u>			
	VET AND MEDICINE				\$431		\$13.25	_____
	LIVESTOCK HAULING				\$135		\$4.15	_____
	HIRE LABOR				\$0		\$0.00	_____
	OPERATING COSTS-EQUIP & MACH				\$567		\$17.43	_____
	OPERATING COSTS-VEHICLE				\$1,320		\$40.62	_____
	RANCH MAINTENANCE				\$1,430		\$44.00	_____
	BEEF CHECKOFF				\$21		\$0.65	_____
	PURCHASED LIVESTOCK				\$1,500		\$46.15	_____
TOTAL					\$5,403		\$166.25	_____
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		<u>VALUE PER COW</u>	
							\$311	\$9.57
TOTAL					\$8,603		\$264.71	_____
TOTAL					\$5,294		\$162.91	_____
OWNERSHIP COSTS								
	Annual Capital Recovery⁴ (At Replacement Value):					Represents 65% Asset Ownership⁵	VALUE PER COW	NEW VALUE
CASH COSTS								
	Taxes & Insurance				\$3,560		\$109.55	_____
	Overhead				\$2,100		\$64.62	_____
					\$5,660		\$174.17	_____
NON CASH COSTS								
	Purchased Livestock				\$1,025		\$31.54	_____
	Machinery & Equipment				\$3,560		\$109.55	_____
	Housing & Improvements				\$3,205		\$98.62	_____
	Interest on Retained Livestock ⁶				\$1,179		\$36.27	_____
	Management & Operation Labor (6% of gross returns)				\$5,294		\$162.91	_____
					\$14,264		\$438.89	_____
TOTAL FIXED COSTS					\$19,924		\$613.06	_____
TOTAL CASH AND VARIABLE COSTS					\$14,264		\$438.88	_____
TOTAL COSTS					\$28,527		\$877.77	_____
RETURN ABOVE TOTAL CASH COSTS					(\$366)		(\$11.26)	_____
BREAKEVEN CALCULATIONS								
		VARIABLE COSTS	TOTAL COSTS					
	REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$65.52	\$108.63					
	REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$65.52	\$217.27					

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.