

**SOUTHWEST REGION
MEDIUM COW/CALF BUDGET 2013**

BREED HERD SIZE 150 COW to BULL 15 CALF CROP PERCENT1 85%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 22.5

VALUE OF PRODUCTION						
	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	64	500	\$1.42	\$45,263	\$301.75	_____
HEIFER CALVES	41	475	\$1.34	\$26,256	\$175.04	_____
CULL COWS	35	900	\$0.70	\$21,735	\$144.90	_____
CULL BULLS	1	1200	\$0.78	\$936	\$6.24	_____
TOTAL	141			\$94,189	\$627.93	_____

VARIABLE COSTS							
						VALUE PER COW	NEW VALUE
1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST			
HAY	TON	18.00	\$245	\$4,410	\$29.40	_____	
STATE	AUY	30.0%	\$38.04	\$1,712	\$11.41	_____	
FEDERAL LEASE	AUY	60.0%	\$16.56	\$2,484	\$16.56	_____	
PRIVATE(Owned)	AUY	10.0%	\$0.00	\$0	\$0.00	_____	
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____	
SALT & MINERAL	TON	5	\$315	\$1,725	\$11.50	_____	
PROTEIN SUPP	TON	15	\$540	\$8,100	\$54.00	_____	
TOTAL				\$18,430	\$122.87	_____	

2. OTHER VARIABLE COSTS						COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE				\$2,310	\$15.40	_____		
LIVESTOCK HAULING				\$708	\$4.72	_____		
HIRED LABOR				\$3,500	\$23.33	_____		
OPERATING COSTS-EQUIP & MACH				\$1,791	\$11.94	_____		
OPERATING COSTS-VEHICLE				\$3,031	\$20.20	_____		
RANCH MAINTENANCE				\$3,031	\$20.20	_____		
BEEF CHECKOFF				\$105	\$0.70	_____		
PURCHASED LIVESTOCK				\$2,000	\$13.33	_____		
TOTAL				\$16,475	\$109.84	_____		

3. INTEREST ON VARIABLE COSTS						6.00%	VALUE PER COW	NEW VALUE
SUM OF VARIABLE COSTS X MONTHS BORROWED						6		
X INTEREST RATE PER MONTH								
ANNUAL INTEREST RATE								
NUMBER OF MONTHS BORROWED								
				\$1,047	\$6.98	_____		
TOTAL				\$35,953	\$239.69	_____		
				\$58,236	\$388.24	_____		

OWNERSHIP COSTS						
				Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS						
Taxes & Insurance				\$10,198	\$67.98	_____
Overhead				\$2,000	\$13.33	_____
Total				\$12,198	\$81.32	_____
NON CASH COSTS						
Purchased Livestock				\$5,484	\$36.56	_____
Machinery & Equipment				\$10,198	\$67.98	_____
Housing & Improvements				\$16,731	\$111.54	_____
Interest on Retained Livestock ⁶				\$9,794	\$65.29	_____
Management & Operation Labor (6% of gross returns)				\$5,651	\$37.68	_____
Total				\$47,857	\$319.05	_____
TOTAL FIXED COSTS				\$60,055	\$400.36	_____
TOTAL CASH AND VARIABLE COSTS				\$48,151	\$321.00	_____
TOTAL COSTS				\$96,008	\$640.05	_____
RETURN ABOVE TOTAL CASH COSTS				\$46,039	\$306.92	_____
RETURN ABOVE TOTAL COSTS				-\$1,819	-\$12.12	_____

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$57.84	\$77.47
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$57.84	\$154.46

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 2013 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.

SOUTHWEST REGION

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
3,500	Acres of private land	\$75	3.9%	\$262,500	\$262,500			
150	AU Values ¹	\$2,400	3.9%	\$360,000	\$360,000			
Sub Totals				\$622,500				
Number	Buildings, Improvements	Price Per Unit		Price	Salvage/Cull			
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
4	Wells	\$12,000	3.9%	\$48,000	\$4,800	25	100	\$2,923
45	Miles of Fence	\$4,000	3.9%	\$180,000	\$18,000	25	100	\$10,963
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
Sub Totals				\$277,000				\$16,731
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$42,000	6.0%	\$42,000	\$8,400	7	50	\$3,261
1	1 ton pickup 4WD	\$45,000	6.0%	\$45,000	\$9,000	7	50	\$3,494
0	Dozer/Tractor	\$5,000	6.0%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$7,000	6.0%	\$14,000	\$2,800	7	100	\$2,174
1	Horse tack	\$6,000	6.0%	\$6,000	\$1,200	10	100	\$724
1	Misc. equipment	\$4,500	6.0%	\$4,500	\$900	10	100	\$543
Sub Total				\$111,500				\$10,198
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
4	Horses	\$1,500	6.0%	\$6,000	\$2,280	10	100	\$642
8	Bulls	\$3,000	6.0%	\$24,000	\$9,120	4	100	\$4,841
30	Cows	\$1,200	6.0%	\$36,000	\$13,680	8	100	\$4,415
53	Total AUYS							
Sub Total				\$30,000				\$5,484
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
150	Cows	\$1,200	6.0%	\$180,000	\$68,400			\$8,517
23	Replacement Heifers	\$1,200	6.0%	\$27,000	\$10,260			\$1,277
167	Total AUYS							
Sub Total				\$207,000	\$78,660			\$9,794
Total				\$1,248,000				\$36,722

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.