

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

BREED HERD SIZE	52	COW to BULL	15	CALF CROP PERCENT ¹	85%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	7.8

VALUE OF PRODUCTION

<u>ANIMALS SOLD</u>	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
STEER CALVES	22	500	\$1.42	\$15,691	\$301.75	_____
HEIFER CALVES	14	475	\$1.34	\$9,102	\$175.04	_____
CULL COWS	18	900	\$0.70	\$11,214	\$215.65	_____
CULL BULLS	1	1200	\$0.78	\$936	\$18.00	_____
TOTAL	55			\$36,943	\$710.44	_____

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	7.00	\$245	\$1,715	\$32.98	_____
STATE FEDERAL LEASE	AUY	25.0%	\$38.04	\$495	\$9.51	_____
PRIVATE(Owned)	AUY	65.0%	\$21.60	\$1,123	\$21.60	_____
PRIVATE(Leased Grazing)	AUY	20.0%	\$0.00	\$0	\$0.00	_____
SALT & MINERAL	TON	2	\$300	\$569	\$10.95	_____
PROTEIN SUPP	TON	5	\$500	\$2,600	\$50.00	_____
TOTAL				\$6,502	\$125.04	_____
2. OTHER VARIABLE COSTS				<u>COST</u>		
VET AND MEDICINE				\$801	\$15.40	_____
LIVESTOCK HAULING				\$278	\$5.35	_____
HIRED LABOR				\$700	\$13.46	_____
OPERATING COSTS-EQUIP & MACH				\$1,791	\$34.44	_____
OPERATING COSTS-VEHICLE				\$2,066	\$39.74	_____
RANCH MAINTENANCE				\$1,860	\$35.78	_____
BEEF CHECKOFF				\$36	\$0.70	_____
OTHER				\$2,000	\$38.46	_____
TOTAL				\$9,533	\$183.33	_____
3. INTEREST ON VARIABLE COSTS						
SUM OF VARIABLE COSTS X MONTHS BORROWED						
X INTEREST RATE PER MONTH						
ANNUAL INTEREST RATE				6.0%		
NUMBER OF MONTHS BORROWED				6	<u>VALUE PER COW</u>	
				\$481	\$9.25	_____
TOTAL				\$16,516	\$317.62	_____
TOTAL				\$20,427	\$392.82	_____

OWNERSHIP COSTS

Annual Capital Recovery ⁴ (At Replacement Value):	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
CASH COSTS		
Taxes & Insurance	\$5,508	\$105.92
Overhead	\$1,000	\$19.23
Total	\$6,508	\$125.15
NON CASH COSTS		
Purchased Livestock	\$2,870	\$55.18
Machinery & Equipment	\$5,508	\$105.92
Housing & Improvements	\$9,544	\$183.54
Interest on Retained Livestock ⁶	\$3,961	\$76.18
Management & Operation Labor (6% of gross returns)	\$2,217	\$42.63
Total	\$24,099	\$463.44
TOTAL FIXED COSTS	\$30,607	\$588.59
TOTAL CASH AND VARIABLE COSTS	\$23,024	\$442.77
TOTAL COSTS	\$47,123	\$906.21
RETURN ABOVE TOTAL CASH COSTS	\$13,919	\$267.68
RETURN ABOVE TOTAL COSTS	(\$10,180)	(\$195.76)

BREAKEVEN CALCULATIONS

	<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$76.65	\$106.85
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$76.65	\$218.69

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
SMALL RANCH INVESTMENTS**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return¹	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
1,500	Acres of private land	\$75	3.9%	\$112,500	\$112,500			
52	AU Values	\$2,400	3.9%	\$124,800	\$124,800			
Sub Totals				\$237,300				
Number	Buildings, Improvements	Price Per Unit						
5	Miles of pipeline	\$2,000	3.9%	\$10,000	\$1,000	25	100	\$609
2	Wells	\$12,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
25	Miles of Fence	\$4,000	3.9%	\$100,000	\$10,000	25	100	\$6,090
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				\$159,000				\$9,544
Number	Machinery & Vehicles	Price Per Unit	Interest Rate²	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$42,000	7.0%	\$42,000	\$8,400	7	50	\$3,411
0	3/4 ton pickup 4WD	\$45,000	7.0%	\$0	\$0	7	50	\$0
0	Dozer/Tractor	\$7,000	7.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$7,000	7.0%	\$7,000	\$1,400	7	100	\$1,137
1	Horse tack	\$4,000	7.0%	\$4,000	\$800	10	100	\$512
1	Misc. equipment	\$3,500	7.0%	\$3,500	\$700	10	100	\$448
Sub Total				\$56,500				\$5,508
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
4	Horses	\$1,500	7.0%	\$6,000	\$2,280	10	100	\$689
3	Bulls	\$3,000	7.0%	\$10,400	\$3,952	4	100	\$2,180
12	Cows	\$1,200	7.0%	\$14,400	\$5,472	8	100	\$1,878
24	Total AUys							
Sub Total				\$16,400				\$2,870
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
52	Cows	\$1,200	7.0%	\$62,400	\$23,712			\$3,444
8	Replacement Heifers	\$1,200	7.0%	\$9,360	\$3,557			\$517
58	Total AUys							
Sub Total				\$71,760	\$27,269			\$3,961
Total				<u>\$540,960</u>				<u>\$19,013</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.