

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

	BREED HERD SIZE CULL RATE	120 15%	COW to BULL	20	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	85% 18	
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		51	510	\$1.49	\$38,755	\$322.96	_____
HEIFER CALVES		33	485	\$1.41	\$22,567	\$188.06	_____
CULL COWS		48	900	\$0.76	\$32,832	\$273.60	_____
CULL BULLS		1	1200	\$0.84	\$1,008	\$8.40	_____
FEE HUNTING		1			\$1,500	\$12.50	_____
TOTAL		133			\$95,162	\$793.02	_____
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	14.00	\$245	\$3,430	\$28.58	_____
	STATE	AUY	45.0%	\$38.04	\$2,054	\$17.12	_____
	FEDERAL LEASE	AUY	25.0%	\$21.60	\$2,592	\$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	4	\$290	\$1,270	\$10.59	_____
	PROTEIN SUPP	TON	15	\$490	\$7,350	\$61.25	_____
	TOTAL				\$16,696	\$139.14	_____
2. OTHER VARIABLE COSTS					<u>COST</u>		
	VET AND MEDICINE				\$1,848	\$15.40	_____
	LIVESTOCK HAULING				\$670	\$5.59	_____
	HIRED LABOR				\$7,500	\$62.50	_____
	OPERATING COSTS-EQUIP & MACH				\$3,444	\$28.70	_____
	OPERATING COSTS-VEHICLE				\$4,753	\$39.61	_____
	RANCH MAINTENANCE				\$2,755	\$22.96	_____
	BEEF CHECKOFF				\$84	\$0.70	_____
	PURCHASED LIVESTOCK				\$7,000	\$58.33	_____
	TOTAL				\$28,055	\$233.79	_____
3. INTEREST ON VARIABLE COSTS							
	SUM OF VARIABLE COSTS X MONTHS BORROWED						
	X INTEREST RATE PER MONTH						
	ANNUAL INTEREST RATE				6.00%		
	NUMBER OF MONTHS BORROWED				6	<u>VALUE PER COW</u>	
					\$1,343	\$11.19	_____
					\$46,094	\$384.11	_____
	TOTAL				\$49,068	\$408.90	_____
OWNERSHIP COSTS							
	Annual Capital Recovery ⁴ (At Replacement Valve):					<u>VALUE PER COW</u>	<u>NEW VALUE</u>
CASH COSTS							
	Taxes & Insurance				\$5,392	\$44.93	_____
	Overhead				\$3,500	\$29.17	_____
	Total				\$8,892	\$74.10	_____
NON CASH COSTS							
	Purchased Livestock				\$4,273	\$35.61	_____
	Machinery & Equipment				\$5,392	\$44.93	_____
	Housing & Improvements				\$9,865	\$82.21	_____
	Interest on Retained Livestock ⁶				\$9,141	\$76.18	_____
	Management & Operation Labor (6% of gross returns)				\$5,710	\$47.58	_____
	Total				\$34,381	\$286.51	_____
TOTAL FIXED COSTS					\$43,273	\$360.61	_____
TOTAL CASH AND VARIABLE COSTS					\$54,986	\$458.21	_____
TOTAL COSTS					\$89,367	\$744.72	_____
RETURN ABOVE TOTAL CASH COSTS					\$40,176	\$334.80	_____
RETURN ABOVE TOTAL COSTS					\$5,795	\$48.29	_____
BREAKEVEN CALCULATIONS							
		<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>				
REQUIRED AVG. CALF PRICES CASH COST (cwt)		\$90.83	\$108.36				
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)		\$90.83	\$176.11				

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.

**SOUTHEAST REGION
MEDIUM 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
4,000	Acres of private land	\$65	3.9%	\$260,000	\$260,000			
200	AU Values ¹	\$2,450	3.9%	\$490,000	\$490,000			
Sub Totals				\$750,000				
Number	Buildings, Improvements	Price Per Unit						
5	Miles of pipeline	\$2,000	3.9%	\$10,000	\$1,000	25	100	\$609
4	Wells	\$11,000	3.9%	\$44,000	\$4,400	25	100	\$2,680
22	Miles of Fence	\$4,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Sub Totals				\$164,000				\$9,865
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$42,000	6.0%	\$42,000	\$8,400	7	50	\$3,261
0	1 ton pickup 4WD	\$45,000	6.0%	\$0	\$0	7	50	\$0
0	Tractor	\$7,000	6.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$7,500	6.0%	\$7,500	\$1,500	7	100	\$1,165
1	Horse tack	\$3,000	6.0%	\$3,000	\$600	10	100	\$362
1	Misc. equipment	\$5,000	6.0%	\$5,000	\$1,000	10	100	\$603
Sub Total				\$57,500				\$5,392
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
4	Horses	\$1,500	6.0%	\$6,000	\$2,280	10	100	\$642
6	Bulls	\$3,000	6.0%	\$18,000	\$6,840	4	100	\$3,631
40	Cows	\$1,400	6.0%	\$56,000	\$21,280	8	100	\$6,868
63	Total AUUs							
Sub Total				\$24,000				\$4,273
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
120	Cows	\$1,400	6.0%	\$168,000	\$63,840			\$7,949
18	Replacement Heifers	\$1,400	6.0%	\$25,200	\$9,576			\$1,192
134	Total AUUs							
Sub Total				\$193,200	\$73,416			\$9,141
Total				<u>\$1,188,700</u>				<u>\$24,398</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.