

**NORTHEAST REGION
LARGE COW/CALF BUDGET 2013**

BREED HERD SIZE 280 COW to BULL 20 CALF CROP PERCENT¹ 87%
CULL RATE 20% REPLACEMENT HEIFER'S KEPT 56

VALUE OF PRODUCTION						
	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	122	550	\$1.50	\$100,485	\$358.88	_____
HEIFER CALVES	66	515	\$1.42	\$48,120	\$171.86	_____
CULL COWS	68	1000	\$0.77	\$52,360	\$187.00	_____
CULL BULLS	1	1400	\$0.87	\$1,218	\$4.35	_____
FEE HUNTING	1			\$7,500	\$26.79	_____
TOTAL	257			\$209,683	\$748.87	_____

VARIABLE COSTS						
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
1. FEED COSTS						
HAY	TON	16.00	\$225	\$3,600	\$12.86	_____
STATE	AUY	20.0%	\$38.04	\$2,130	\$7.61	_____
FEDERAL LEASE	AUY	40.0%	\$16.56	\$4,637	\$16.56	_____
PRIVATE(Owned)	AUY	40.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
SALT & MINERAL	TON	10	\$295	\$3,015	\$10.77	_____
PROTEIN SUPP	TON	58	\$495	\$28,586	\$102.09	_____
TOTAL				\$41,968	\$149.89	_____

2. OTHER VARIABLE COSTS						
VET AND MEDICINE				\$4,312	\$15.40	_____
LIVESTOCK HAULING				\$1,293	\$4.62	_____
HIRED LABOR				\$17,000	\$60.71	_____
OPERATING COSTS-EQUIP & MACH				\$2,981	\$10.65	_____
OPERATING COSTS-VEHICLE				\$3,995	\$14.27	_____
RANCH MAINTENANCE				\$3,376	\$12.06	_____
BEEF CHECKOFF				\$188	\$0.67	_____
PURCHASED LIVESTOCK				\$12,000	\$42.86	_____
TOTAL				\$45,145	\$161.23	_____

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	VALUE PER COW	
INTEREST COSTS				\$2,613	\$9.33	_____
TOTAL VARIABLE COSTS				\$89,727	\$320.45	_____
RETURN ABOVE VARIABLE COSTS				\$119,956	\$428.41	_____

OWNERSHIP COSTS						
	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership		VALUE PER COW	NEW VALUE	
CASH COSTS						
Taxes & Insurance				\$10,594	\$37.84	_____
Overhead				\$2,163	\$7.73	_____
Total				\$12,757	\$45.56	_____
NON CASH COSTS						
Purchased Livestock				\$11,330	\$40.46	_____
Machinery & Equipment				\$10,594	\$37.84	_____
Housing & Improvements				\$26,021	\$92.93	_____
Interest on Retained Livestock ⁵				\$23,846	\$85.17	_____
Management & Operation Labor (6% of gross returns)				\$12,581	\$44.93	_____
TOTAL NON CASH COSTS				\$84,372	\$301.33	_____
TOTAL FIXED COSTS				\$97,129	\$346.89	_____
TOTAL CASH AND VARIABLE COSTS				\$102,484	\$366.01	_____
TOTAL COSTS				\$186,856	\$667.34	_____
RETURN ABOVE TOTAL CASH COSTS				\$107,199	\$382.85	_____
RETURN ABOVE TOTAL COSTS				\$22,827	\$81.52	_____

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$69.17	\$79.01
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$69.17	\$144.05

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.

**NORTHEAST REGION
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
12000	Acres of private land	\$85	3.9%	\$1,020,000	\$1,020,000			
350	AU Values ¹	\$2,500	3.9%	\$875,000	\$875,000			
Sub Totals				\$1,895,000				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
8	Wells	\$12,000	3.9%	\$96,000	\$9,600	25	100	\$5,847
70	Miles of Fence	\$4,000	3.9%	\$280,000	\$28,000	25	100	\$17,053
1	Corrals/Working Facilities	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Sub Totals				\$430,000				\$26,021
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
1	1ton pickup 4WD	\$45,000	6.0%	\$45,000	\$9,000	7	50	\$3,494
0	Tractor	\$7,000	6.0%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$7,500	6.0%	\$15,000	\$3,000	7	100	\$2,330
1	Horse tack	\$5,000	6.0%	\$5,000	\$1,000	10	100	\$603
1	Misc. equipment	\$7,500	6.0%	\$7,500	\$1,500	10	100	\$905
Sub Total				\$114,500				\$10,594
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
9	Horses	\$1,500	6.0%	\$13,500	\$5,130	10	100	\$1,445
14	Bulls	\$3,500	6.0%	\$49,000	\$18,620	4	100	\$9,885
70	Cows	\$1,500	6.0%	\$105,000	\$39,900	8	100	\$12,877
116	Total AUys							
Sub Total				\$62,500				\$11,330
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
280	Cows	\$1,500	6.0%	\$420,000	\$159,600			\$19,872
56	Replacement Heifers	\$1,500	6.0%	\$84,000	\$31,920			\$3,974
322	Total AUys							
Sub Total				\$504,000	\$191,520			\$23,846
Total				<u>\$3,006,000</u>				<u>\$60,461</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.