

Table 2. Net Returns for Each Arizona Ranching Region  
(High Revenue and High Cost)  
Units \$/Cow

	Strip	Plateau	Central Mountains	Western Desert	Southeastern Desert
Revenues	\$312.74	\$331.80	\$265.14	\$276.15	\$274.26
Feed Cost	\$132.91	\$72.50	\$35.49	\$41.31	\$55.78
Total VC	\$309.49	\$209.05	\$144.05	\$159.65	\$124.80
Cash Ownership Cost	\$21.28	\$172.09	\$41.78	\$87.84	\$22.12
Total Ownership Cost	\$172.01	\$481.23	\$184.63	\$308.37	\$207.55
Returns Above Cash Cost	(\$18.03)	(\$49.34)	\$79.31	\$28.66	\$127.34
Returns Above Total Cost	(\$168.76)	(\$358.48)	(\$63.54)	(\$191.87)	(\$58.09)

Table 3. Net Returns for Each Arizona Ranching Region  
(Low Revenue and Low Cost)  
Units \$/Cow

	Strip	Plateau	Central Mountains	Western Desert	Southeastern Desert
Revenues	\$223.62	\$236.86	\$190.29	\$197.41	\$196.85
Feed Cost	\$104.41	\$50.39	\$31.18	\$34.60	\$40.36
Total VC	\$234.18	\$151.58	\$113.75	\$124.57	\$77.79
Cash Ownership Cost	\$13.83	\$111.86	\$27.16	\$57.09	\$14.38
Total Ownership Cost	\$111.04	\$313.13	\$119.88	\$200.27	\$136.23
Returns Above Cash Cost	(\$24.39)	(\$26.58)	\$49.38	\$15.75	\$104.68
Returns Above Total Cost	(\$121.60)	(\$227.85)	(\$43.34)	(\$127.43)	(\$17.17)

Table 4. Net Returns for Each Arizona Ranching Region  
(High Revenue and Low Cost)  
Units \$/Cow

	Strip	Plateau	Central Mountains	Western Desert	Southeastern Desert
Revenues	\$312.74	\$331.80	\$265.14	\$276.15	\$274.26
Feed Cost	\$104.41	\$50.39	\$31.18	\$34.60	\$40.36
Total VC	\$234.18	\$151.58	\$113.75	\$124.57	\$77.79
Cash Ownership Cost	\$13.83	\$111.86	\$27.16	\$57.09	\$14.38
Total Ownership Cost	\$111.04	\$313.13	\$119.88	\$200.27	\$136.23
Returns Above Cash Cost	\$64.73	\$68.36	\$124.23	\$94.49	\$182.09
Returns Above Total Cost	(\$32.48)	(\$132.91)	\$31.51	(\$48.69)	\$60.24

**NORTHEAST REGION  
MEDIUM COW/CALF BUDGET 2014**

BREED HERD SIZE	170	COW to BULL	20	CALF CROP PERCENT <sup>1</sup>	83%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	26

**VALUE OF PRODUCTION**

	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE<sup>2</sup></u>	<u>VALUE</u>	<u>VALUE PER COW</u>
STEER CALVES	71	550	\$1.60	\$62,084	\$365.20
HEIFER CALVES	45	515	\$1.52	\$35,265	\$207.44
CULL COWS	26	900	\$0.86	\$19,737	\$116.10
CULL BULLS	1	1200	\$0.92	\$1,104	\$6.49
FEE HUNTING	1			<u>\$6,000</u>	\$35.29
<b>TOTAL</b>	<b>142</b>			<b>\$124,190</b>	<b>\$730.53</b>

**VARIABLE COSTS**

		<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>
<b>1. FEED COSTS</b>						
	HAY	TON	12.00	\$225	\$2,700	\$15.88
	BLM	AUY	0.0%	\$21.60	\$0	\$0.00
	STATE	AUY	17.0%	\$34.20	\$988	\$5.81
	FEDERAL LEASE	AUY	30.0%	\$16.56	\$2,815	\$16.56
	PRIVATE(Owned)	AUY	53.0%	\$0.00	\$0	\$0.00
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
	SALT & MINERAL	TON	6	\$325	\$2,017	\$11.86
	PROTEIN SUPP	TON	32	\$515	\$16,416	\$96.56
	OTHER					
	<b>TOTAL</b>				<b>\$24,936</b>	<b>\$146.68</b>

**2. OTHER VARIABLE COSTS**

		<u>COST</u>	<u>VALUE PER COW</u>
	VET AND MEDICINE	\$2,688	\$15.81
	LIVESTOCK HAULING	\$749	\$4.40
	HIRED LABOR	\$4,000	\$23.53
	OPERATING COSTS-EQUIP & MACH	\$2,500	\$14.71
	OPERATING COSTS-VEHICLE	\$4,500	\$26.47
	RANCH MAINTENANCE	\$2,900	\$17.06
	BEEF CHECKOFF	\$116	\$0.68
	PURCHASED LIVESTOCK	<u>\$10,000</u>	<u>\$58.82</u>
	<b>TOTAL</b>	<b>\$27,452</b>	<b>\$161.48</b>

**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	<b>VALUE PER COW</b>
			<b>HIGH</b>
		\$1,572	\$9.24
		<u>\$53,960</u>	<u>\$317.41</u>
<b>TOTAL</b>		<b>\$70,230</b>	<b>\$413.12</b>

**OWNERSHIP COSTS**

Annual Capital Recovery <sup>4</sup> (At Replacement Valve):		Represents 65% Asset Ownership	<b>VALUE PER COW</b>
		<b>TOTAL</b>	<b>VALUE PER COW</b>
<b>CASH COSTS</b>			
	Taxes & Insurance	\$5,633	\$33.14
	Overhead	\$2,000	\$11.76
	<b>Total</b>	<u>\$7,633</u>	<u>\$44.90</u>
<b>NON CASH COSTS</b>			
	Purchased Livestock	\$6,107	\$35.93
	Machinery & Equipment	\$5,633	\$33.14
	Housing & Improvements	\$19,443	\$114.37
	Interest on Retained Livestock	\$13,875	\$81.62
	Management & Operation Labor ( 6% of gross returns)	<u>\$7,451</u>	<u>\$43.83</u>
	<b>Total</b>	<u>\$52,510</u>	<u>\$308.88</u>
<b>TOTAL FIXED COSTS</b>		<b>\$60,143</b>	<b>\$353.79</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$61,593</b>	<b>\$362.31</b>
<b>TOTAL COSTS</b>		<b>\$114,103</b>	<b>\$671.20</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$62,597</b>	<b>\$368.22</b>
<b>RETURN ABOVE TOTAL COSTS</b>		<b>\$10,087</b>	<b>\$59.33</b>

**BREAKEVEN CALCULATIONS**

	<b>VARIABLE COSTS</b>	<b>TOTAL COSTS</b>
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$71.82	\$81.98
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$71.82	\$151.86

- 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 2014 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  
MEDIUM RANCH INVESTMENTS**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
7,000	Acres of private land	\$85	3.9%	\$595,000	\$595,000			
200	AU Values <sup>1</sup>	\$2,500	3.9%	\$500,000	\$500,000			
<b>Sub Totals</b>				\$1,095,000				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
10	Miles of pipeline	\$2,000	3.9%	\$20,000	\$2,000	25	100	\$1,218
6	Wells	\$12,000	3.9%	\$72,000	\$7,200	25	100	\$4,385
50	Miles of Fence	\$4,000	3.9%	\$200,000	\$20,000	25	100	\$12,181
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
<b>Sub Totals</b>				\$322,000				\$19,443
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
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	\$3,500	6.0%	\$3,500	\$700	10	100	\$422
1	Misc. equipment	\$6,500	6.0%	\$6,500	\$1,300	10	100	\$785
<b>Sub Total</b>				\$59,500				\$5,633
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
6	Horses	\$1,500	6.0%	\$9,000	\$3,420	10	100	\$963
9	Bulls	\$3,000	6.0%	\$25,500	\$9,690	4	100	\$5,144
40	Cows	\$1,500	6.0%	\$60,000	\$22,800	8	100	\$7,359
<b>68</b>	<b>Total AUys</b>							
<b>Sub Total</b>				\$34,500				\$6,107
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>			<b>Interest on Investment</b>
170	Cows	\$1,500	6.0%	\$255,000	\$96,900			\$12,065
26	Replacement Heifers	\$1,500	6.0%	\$38,250	\$14,535			\$1,810
<b>189</b>	<b>Total AUys</b>							
<b>Sub Total</b>				\$293,250	\$111,435			\$13,875
<b>Total</b>				<u>\$1,804,250</u>				<u>\$38,951</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.