

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

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

BREED HERD SIZE 160 COW to BULL 20 CALF CROP PERCENT¹ 83%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 24

VALUE OF PRODUCTION				VALUE PER COW	
	QUANTITY	WEIGHT	PRICE ²	VALUE	NEW VALUE
STEER CALVES	66	510	\$1.55	\$52,489	\$328.06
HEIFER CALVES	42	485	\$1.47	\$30,229	\$188.93
CULL COWS	24	900	\$0.81	\$17,496	\$109.35
CULL BULLS	1	1200	\$0.90	\$1,080	\$6.75
FEE HUNTING	1			\$3,500	\$21.88
TOTAL	134			\$104,794	\$654.96

VARIABLE COSTS					VALUE PER COW	
1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	NEW VALUE	
HAY	TON	32.00	\$235.00	\$7,520	\$47.00	
STATE	AUY	45.0%	\$38.04	\$2,739	\$17.12	
FEDERAL LEASE	AUY	35.0%	\$21.60	\$3,456	\$21.60	
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	
SALT & MINERAL	TON	6	\$325.00	\$1,898	\$11.86	
PROTEIN SUPP	TON	22	\$525.00	\$11,760	\$73.50	
TOTAL				\$27,373	\$171.08	

2. OTHER VARIABLE COSTS		COST	VALUE PER COW
VET AND MEDICINE		\$2,530	\$15.81
LIVESTOCK HAULING		\$692	\$4.33
HIRED LABOR		\$11,000	\$68.75
OPERATING COSTS-EQUIP & MACH		\$3,500	\$21.88
OPERATING COSTS-VEHICLE		\$4,500	\$28.13
RANCH MAINTENANCE		\$3,500	\$21.88
BEEF CHECKOFF		\$109	\$0.68
OTHER		\$10,000	\$62.50
TOTAL		\$35,831	\$223.95

3. INTEREST ON VARIABLE COSTS			VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED			
X INTEREST RATE PER MONTH			
ANNUAL INTEREST RATE		6.00%	
NUMBER OF MONTHS BORROWED		6	
			HIGH
		\$1,896	\$11.85
TOTAL		\$65,100	\$406.88
		\$39,694	\$248.09

OWNERSHIP COSTS	Annual Capital Recovery ⁴ (At Replacement Valve):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS				
Taxes & Insurance		\$6,660	\$41.63	
Overhead		\$2,163	\$13.52	
Total		\$8,823	\$55.14	
NON CASH COSTS				
Purchased Livestock		\$6,126	\$38.29	
Machinery & Equipment		\$6,660	\$41.63	
Housing & Improvements		\$14,355	\$89.72	
Interest on Retained Livestock ⁶		\$11,318	\$70.73	
Management & Operation Labor (6% of gross returns)		\$6,288	\$39.30	
Total		\$44,747	\$279.67	
TOTAL FIXED COSTS		\$53,570	\$334.81	
TOTAL CASH AND VARIABLE COSTS		\$73,923	\$462.02	
TOTAL COSTS		\$118,670	\$741.69	
RETURN ABOVE TOTAL CASH COSTS		\$30,871	\$192.94	
RETURN ABOVE TOTAL COSTS		(\$13,875)	(\$86.72)	

BREAKEVEN CALCULATIONS	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$98.54	\$111.89
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$98.54	\$179.62

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.

**NORTHWEST 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	\$80	3.9%	\$320,000	\$320,000			
200	AU Values ¹	\$2,400	3.9%	\$480,000	\$480,000			
Sub Totals				\$800,000				
Number	Buildings, Improvements	Price Per Unit						
10	Miles of pipeline	\$2,000	3.9%	\$20,000	\$2,000	25	100	\$1,218
3	Wells	\$11,000	3.9%	\$33,000	\$3,300	25	100	\$2,010
40	Miles of Fence	\$4,000	3.9%	\$160,000	\$16,000	25	100	\$9,745
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				\$238,000				\$14,355
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	3/4 ton pickup 4WD	\$45,000	6.0%	\$0	\$0	7	50	\$0
1	Tractor	\$7,000	6.0%	\$7,000	\$1,400	7	100	\$1,087
1	Gooseneck trailer	\$7,500	6.0%	\$7,500	\$1,500	7	100	\$1,165
1	Horse tack	\$4,000	6.0%	\$4,000	\$800	10	100	\$483
1	Misc. equipment	\$5,500	6.0%	\$5,500	\$1,100	10	100	\$664
Sub Total				\$66,000				\$6,660
Head	Purchased Livestock	Price Per Unit	Interest Rate⁴	Price	Salvage/Cull			
8	Horses	\$1,500	6.0%	\$12,000	\$4,560	10	100	\$1,284
8	Bulls	\$3,000	6.0%	\$24,000	\$9,120	4	100	\$4,841
40	Cows	\$1,300	6.0%	\$52,000	\$19,760	8	100	\$6,377
70	Total AUUs							
Sub Total				\$36,000				\$6,126
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
160	Cows	\$1,300	6.0%	\$208,000	\$79,040			\$9,841
24	Replacement Heifers	\$1,300	6.0%	\$31,200	\$11,856			\$1,476
178	Total AUUs							
Sub Total				\$239,200	\$90,896			\$11,318
Total				<u>\$1,379,200</u>				<u>\$32,333</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.