

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

**SOUTHEAST REGION
EX-LARGE COW/CALF BUDGET 2014**

BREED HERD SIZE 440 COW to BULL 20 CALF CROP PERCENT¹ 85%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 66

VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	187	510	\$1.60	\$152,592	\$346.80	_____
HEIFER CALVES	121	485	\$1.52	\$89,201	\$202.73	_____
CULL COWS	66	900	\$0.86	\$51,084	\$116.10	_____
CULL BULLS	1	1200	\$0.92	\$1,104	\$2.51	_____
FEE HUNTING	1			\$6,000	\$13.64	_____
TOTAL	375			\$293,981	\$668.14	

VARIABLE COSTS

	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
1. FEED COSTS						
HAY	TON	33.00	\$125	\$4,125	\$9.38	_____
STATE	AUY	45.0%	\$38.04	\$7,532	\$17.12	_____
FEDERAL LEASE	AUY	25.0%	\$21.60	\$9,504	\$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	16	\$325	\$5,220	\$11.86	_____
PROTEIN SUPP	TON	44	\$525	\$23,100	\$52.50	_____
TOTAL				\$49,480	\$112.46	

2. OTHER VARIABLE COSTS

	COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE	\$6,958	\$15.81	_____
LIVESTOCK HAULING	\$1,941	\$4.41	_____
HIRED LABOR	\$35,000	\$79.55	_____
OPERATING COSTS-EQUIP & MACH	\$6,000	\$13.64	_____
OPERATING COSTS-VEHICLE	\$8,000	\$18.18	_____
RANCH MAINTENANCE	\$7,000	\$15.91	_____
BEEF CHECKOFF	\$308	\$0.70	_____
OTHER	\$22,000	\$50.00	_____
TOTAL	\$87,206	\$198.20	

3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED	ANNUAL INTEREST RATE	NUMBER OF MONTHS BORROWED	VALUE PER COW
X INTEREST RATE PER MONTH	6.00%		
		6	
			\$4.101
			\$9.32
TOTAL			\$140,787
			\$319.97
			\$153,194
			\$348.17

OWNERSHIP COSTS

	Annual Capital Recovery ⁴ (At Replacement Valve):	Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS				
Taxes & Insurance		\$16,056	\$36.49	_____
Overhead		\$5,000	\$11.36	_____
Total		\$21,056	\$47.85	
NON CASH COSTS				
Purchased Livestock		\$15,241	\$34.64	_____
Machinery & Equipment		\$16,056	\$36.49	_____
Housing & Improvements		\$35,754	\$81.26	_____
Interest on Retained Livestock ⁶		\$33,517	\$76.18	_____
Management & Operation Labor (6% of gross returns)		\$17,639	\$40.09	_____
Total		\$118,207	\$268.65	
TOTAL FIXED COSTS		\$139,263	\$316.51	
TOTAL CASH AND VARIABLE COSTS		\$161,843	\$367.82	
TOTAL COSTS		\$280,050	\$636.48	
RETURN ABOVE TOTAL CASH COSTS		\$132,138	\$300.31	
RETURN ABOVE TOTAL COSTS		\$13,931	\$31.66	

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$75.67	\$86.98
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$75.67	\$150.51

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.

**SOUTHEAST REGION
EXTRA-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
10,000	Acres of private land	\$65	3.9%	\$650,000	\$650,000			
550	AU Values ¹	\$2,450	3.9%	\$1,347,500	\$1,347,500			
Sub Totals				\$1,997,500				
Number	Buildings, Improvements	Price Per Unit						
15	Miles of pipeline	\$2,000	3.9%	\$30,000	\$3,000	25	100	\$1,827
8	Wells	\$11,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
110	Miles of Fence	\$4,000	3.9%	\$440,000	\$44,000	25	100	\$26,798
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Sub Totals				\$590,000				\$35,754
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$42,000	6.0%	\$84,000	\$16,800	7	50	\$6,523
1	1 ton pickup 4WD	\$45,000	6.0%	\$45,000	\$9,000	7	50	\$3,494
1	Tractor	\$7,000	6.0%	\$7,000	\$1,400	7	100	\$1,087
3	Gooseneck trailer	\$7,000	6.0%	\$21,000	\$4,200	7	100	\$3,261
1	Horse tack	\$6,000	6.0%	\$6,000	\$1,200	10	100	\$724
1	Misc. equipment	\$8,000	6.0%	\$8,000	\$1,600	10	100	\$966
Sub Total				\$171,000				\$16,056
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
12	Horses	\$1,500	6.0%	\$18,000	\$6,840	10	100	\$1,927
22	Bulls	\$3,000	6.0%	\$66,000	\$25,080	4	100	\$13,314
110	Cows	\$1,400	6.0%	\$154,000	\$58,520	8	100	\$18,887
180	Total AUUs							
Sub Total				\$84,000				\$15,241
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
440	Cows	\$1,400	6.0%	\$616,000	\$234,080			\$29,146
66	Replacement Heifers	\$1,400	6.0%	\$92,400	\$35,112			\$4,372
490	Total AUUs							
Sub Total				\$708,400	\$269,192			\$33,517
Total				<u>\$3,550,900</u>				<u>\$85,327</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.