

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

**SOUTHWEST REGION
LARGE COW/CALF BUDGET 2014**

	BREED HERD SIZE CULL RATE	280 15%	COW to BULL	15	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	82% 42
VALUE OF PRODUCTION						
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	
STEER CALVES	115	500	\$1.55	\$88,970	\$317.75	
HEIFER CALVES	73	475	\$1.47	\$50,833	\$181.55	
CULL COWS	42	900	\$0.83	\$31,374	\$112.05	
CULL BULLS	1	1200	\$0.89	<u>\$1,068</u>	<u>\$3.81</u>	
TOTAL	231			\$172,245	\$615.16	
VARIABLE COSTS						
1. FEED COSTS						
	<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	
HAY	TON	22.00	\$245	\$5,390	\$19.25	
STATE	AUY	40.0%	\$38.04	\$4,260	\$15.22	
FEDERAL LEASE	AUY	40.0%	\$21.60	\$6,048	\$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	10	\$330	\$3,373	\$12.05	
PROTEIN SUPP	TON	28	\$535	\$14,980	\$53.50	
TOTAL				\$34,051	\$121.61	
2. OTHER VARIABLE COSTS						
				<u>COST</u>	<u>VALUE PER COW</u>	
VET AND MEDICINE				\$4,428	\$15.81	
LIVESTOCK HAULING				\$1,193	\$4.26	
HIRED LABOR				\$15,000	\$53.57	
OPERATING COSTS-EQUIP & MACH				\$4,000	\$14.29	
OPERATING COSTS-VEHICLE				\$6,500	\$23.21	
RANCH MAINTENANCE				\$4,500	\$16.07	
BEEF CHECKOFF				\$188	\$0.67	
LIVESTOCK PURCHASES				<u>\$14,000</u>	<u>\$50.00</u>	
TOTAL				\$49,808	\$177.89	
3. INTEREST ON VARIABLE COSTS						
				<u>6.00%</u>	<u>VALUE PER COW</u>	
SUM OF VARIABLE COSTS X MONTHS BORROWED				<u>6</u>	<u>VALUE PER COW</u>	
X INTEREST RATE PER MONTH					<u>VALUE PER COW</u>	
ANNUAL INTEREST RATE					<u>VALUE PER COW</u>	
NUMBER OF MONTHS BORROWED					<u>VALUE PER COW</u>	
				\$2,516	\$8.98	
TOTAL				\$86,375	\$308.48	
OWNERSHIP COSTS						
	Annual Capital Recovery ⁴ (At Replacement Value):			Represents 65% Asset Ownership ⁵		VALUE PER COW
CASH COSTS						
Taxes & Insurance				\$15,805	\$56.45	
Overhead				\$2,000	\$7.14	
Total				<u>\$17,805</u>	<u>\$63.59</u>	
NON CASH COSTS						
Purchased Livestock				\$12,581	\$44.93	
Machinery & Equipment				\$15,805	\$56.45	
Housing & Improvements				\$20,141	\$71.93	
Interest on Retained Livestock ⁶				\$18,282	\$65.29	
Management & Operation Labor (6% of gross returns)				<u>\$10,335</u>	<u>\$36.91</u>	
Total				<u>\$77,145</u>	<u>\$275.52</u>	
TOTAL FIXED COSTS				\$94,950	\$339.11	
TOTAL CASH AND VARIABLE COSTS				\$104,181	\$372.07	
TOTAL COSTS				\$181,325	\$647.59	
RETURN ABOVE TOTAL CASH COSTS				\$68,064	\$243.09	
RETURN ABOVE TOTAL COSTS				(\$9,081)	(\$32.43)	
BREAKEVEN CALCULATIONS						
	VARIABLE COSTS	TOTAL COSTS				
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$77.17	\$93.08				
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$77.17	\$162.00				

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.

**SOUTHWEST 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
6,000	Acres of private land	\$75	3.9%	\$450,000	\$450,000			
280	AU Values ¹	\$2,400	3.9%	\$672,000	\$672,000			
Sub Totals				\$1,122,000				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$2,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
6	Wells	\$12,000	3.9%	\$72,000	\$7,200	25	100	\$4,385
100	Miles of Fence	\$2,000	3.9%	\$200,000	\$20,000	25	100	\$12,181
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				\$333,000				\$20,141
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	\$5,000	6.0%	\$5,000	\$1,000	7	100	\$777
3	Gooseneck trailer	\$7,000	6.0%	\$21,000	\$4,200	7	100	\$3,261
1	Horse tack	\$8,000	6.0%	\$8,000	\$1,600	10	100	\$966
1	Misc. equipment	\$6,500	6.0%	\$6,500	\$1,300	10	100	\$785
Sub Total				\$169,500				\$15,805
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
8	Horses	\$1,500	6.0%	\$12,000	\$4,560	10	100	\$1,284
19	Bulls	\$3,000	6.0%	\$56,000	\$21,280	4	100	\$11,297
34	Cows	1,200	6.0%	\$40,800	\$15,504	8	100	\$5,004
76	Total AUYS							
Sub Total				\$68,000				\$12,581
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
280	Cows	\$1,200	6.0%	\$336,000	\$127,680			\$15,898
42	Replacement Heifers	\$1,200	6.0%	\$50,400	\$19,152			\$2,385
312	Total AUYS							
Sub Total				\$386,400	\$146,832			\$18,282
Total				<u>\$2,078,900</u>				<u>\$54,229</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.