

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
SMALL COW/CALF BUDGET 2014**

BREED HERD SIZE 60 COW to BULL 15 CALF CROP PERCENT¹ 85%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 9

VALUE OF PRODUCTION

<u>ANIMALS SOLD</u>	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
STEER CALVES	26	500	\$1.55	\$19,763	\$329.38	_____
HEIFER CALVES	17	475	\$1.47	\$11,521	\$192.02	_____
CULL COWS	9	900	\$0.83	\$6,723	\$112.05	_____
CULL BULLS	1	1200	\$0.89	\$1,068	\$17.80	_____
TOTAL	52			\$39,075	\$651.24	_____

VARIABLE COSTS

		<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
1. FEED COSTS							
	HAY	TON	7.00	\$245	\$1,715	\$28.58	_____
	STATE FEDERAL LEASE	AUY	25.0%	\$38.04	\$571	\$9.51	_____
	PRIVATE(Owned)	AUY	65.0%	\$21.60	\$1,296	\$21.60	_____
	PRIVATE(Leased Grazing)	AUY	20.0%	\$0.00	\$0	\$0.00	_____
	SALT & MINERAL	TON	2	\$330	\$723	\$12.05	_____
	PROTEIN SUPP	TON	6	\$535	\$3,210	\$53.50	_____
	TOTAL				\$7,514	\$125.24	_____
2. OTHER VARIABLE COSTS							
	VET AND MEDICINE				\$949	\$15.81	_____
	LIVESTOCK HAULING				\$269	\$4.49	_____
	HIRED LABOR				\$1,500	\$25.00	_____
	OPERATING COSTS-EQUIP & MACH				\$800	\$13.33	_____
	OPERATING COSTS-VEHICLE				\$3,500	\$58.33	_____
	RANCH MAINTENANCE				\$2,500	\$41.67	_____
	BEEF CHECKOFF				\$42	\$0.70	_____
	OTHER				\$4,000	\$66.67	_____
	TOTAL				\$13,560	\$226.00	_____
3. INTEREST ON VARIABLE COSTS							
	SUM OF VARIABLE COSTS X MONTHS BORROWED						
	X INTEREST RATE PER MONTH						
	ANNUAL INTEREST RATE				6.0%		
	NUMBER OF MONTHS BORROWED				6	VALUE PER COW	
					\$632	\$10.54	_____
	TOTAL				\$21,706	\$361.77	_____
	TOTAL				\$17,368	\$289.47	_____

OWNERSHIP COSTS

		<u>Annual Capital Recovery⁴ (At Replacement Valve):</u>	<u>Represents 65% Asset Ownership⁵</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
CASH COSTS					
	Taxes & Insurance			\$5,508	\$91.79
	Overhead			\$1,000	\$16.67
	Total			\$6,508	\$108.46
NON CASH COSTS					
	Purchased Livestock			\$3,205	\$53.42
	Machinery & Equipment			\$5,508	\$91.79
	Housing & Improvements			\$9,544	\$159.07
	Interest on Retained Livestock ⁶			\$4,571	\$76.18
	Management & Operation Labor (6% of gross returns)			\$2,344	\$39.07
	Total			\$25,172	\$419.53
TOTAL FIXED COSTS				\$31,679	\$527.99
TOTAL CASH AND VARIABLE COSTS				\$28,214	\$470.23
TOTAL COSTS				\$53,386	\$889.76
RETURN ABOVE TOTAL CASH COSTS				\$10,861	\$181.01
RETURN ABOVE TOTAL COSTS				(\$14,311)	(\$238.52)

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$87.31	\$113.48
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$87.31	\$214.72

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
SMALL RANCH INVESTMENTS**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return¹	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
1,500	Acres of private land	\$75	3.9%	\$112,500	\$112,500			
60	AU Values	\$2,400	3.9%	\$144,000	\$144,000			
Sub Totals				\$256,500				
Number	Buildings, Improvements	Price Per Unit						
5	Miles of pipeline	\$2,000	3.9%	\$10,000	\$1,000	25	100	\$609
2	Wells	\$12,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
25	Miles of Fence	\$4,000	3.9%	\$100,000	\$10,000	25	100	\$6,090
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				\$159,000				\$9,544
Number	Machinery & Vehicles	Price Per Unit	Interest Rate²	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$42,000	7.0%	\$42,000	\$8,400	7	50	\$3,411
0	3/4 ton pickup 4WD	\$45,000	7.0%	\$0	\$0	7	50	\$0
0	Dozer/Tractor	\$7,000	7.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$7,000	7.0%	\$7,000	\$1,400	7	100	\$1,137
1	Horse tack	\$4,000	7.0%	\$4,000	\$800	10	100	\$512
1	Misc. equipment	\$3,500	7.0%	\$3,500	\$700	10	100	\$448
Sub Total				\$56,500				\$5,508
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
4	Horses	\$1,500	7.0%	\$6,000	\$2,280	10	100	\$689
4	Bulls	\$3,000	7.0%	\$12,000	\$4,560	4	100	\$2,516
12	Cows	\$1,200	7.0%	\$14,400	\$5,472	8	100	\$1,878
25	Total AUys							
Sub Total				\$18,000				\$3,205
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
60	Cows	\$1,200	7.0%	\$72,000	\$27,360			\$3,974
9	Replacement Heifers	\$1,200	7.0%	\$10,800	\$4,104			\$596
67	Total AUys							
Sub Total				\$82,800	\$31,464			\$4,571
Total				<u>\$572,800</u>				<u>\$19,622</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.