

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  
LARGE COW/CALF BUDGET 2014**

		BREED HERD SIZE CULL RATE	298 15%	COW to BULL	20	CALF CROP PERCENT <sup>1</sup> REPLACEMENT HEIFER'S KEPT	83% 45
<b>VALUE OF PRODUCTION</b>							
		<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE<sup>2</sup></u>	<u>VALUE</u>	<u>VALUE PER COW</u>	
STEER CALVES		123	510	\$1.55	\$97,597	\$328.06	_____
HEIFER CALVES		79	485	\$1.47	\$56,207	\$188.93	_____
CULL COWS		60	900	\$0.81	\$43,467	\$146.11	_____
CULL BULLS		1	1200	\$0.90	\$1,080	\$3.63	_____
FEE HUNTING		1			\$10,000	\$33.61	_____
	<b>TOTAL</b>	<b>263</b>			<b>\$208,351</b>	<b>\$700.34</b>	_____
<b>VARIABLE COSTS</b>							
<b>1. FEED COSTS</b>		<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	
	HAY	TON	25.00	\$235.00	\$5,875	\$19.75	_____
	STATE	AUY	45.0%	\$38.04	\$5,093	\$17.12	_____
	FEDERAL LEASE	AUY	35.0%	\$21.60	\$6,426	\$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	11	\$325.00	\$3,529	\$11.86	_____
	PROTEIN SUPP	TON	42	\$525.00	\$21,866	\$73.50	_____
					\$42,789	\$143.83	_____
<b>2. OTHER VARIABLE COSTS</b>					<u>COST</u>		
	VET AND MEDICINE				\$4,704	\$15.81	_____
	LIVESTOCK HAULING				\$1,361	\$4.57	_____
	HIRED LABOR				\$25,000	\$84.03	_____
	OPERATING COSTS-EQUIP & MACH				\$4,000	\$13.45	_____
	OPERATING COSTS-VEHICLE				\$6,000	\$20.17	_____
	RANCH MAINTENANCE				\$4,000	\$13.45	_____
	BEEF CHECKOFF				\$202	\$0.68	_____
	OTHER				\$18,000	\$60.50	_____
	<b>TOTAL</b>				\$63,267	\$212.66	_____
<b>3. INTEREST ON VARIABLE COSTS</b>							
	SUM OF VARIABLE COSTS X MONTHS BORROWED						
	X INTEREST RATE PER MONTH						
	ANNUAL INTEREST RATE				6.00%		
	NUMBER OF MONTHS BORROWED				6	<u>VALUE PER COW</u>	
					\$3,182	\$10.69	_____
	<b>TOTAL</b>				\$109,238	\$367.19	_____
					\$99,113	\$333.15	_____
<b>OWNERSHIP COSTS</b>							
<b>CASH COSTS</b>		Annual Capital Recovery <sup>4</sup> (At Replacement Valve):			Represents 65% Asset Ownership <sup>5</sup> <u>VALUE PER COW</u> <u>NEW VALUE</u>		
	Taxes & Insurance				\$7,100	\$23.86	_____
	Overhead				\$4,000	\$13.45	_____
	Total				\$11,100	\$37.31	_____
<b>NON CASH COSTS</b>							
	Purchased Livestock				\$10,608	\$35.66	_____
	Machinery & Equipment				\$7,100	\$23.86	_____
	Housing & Improvements				\$22,151	\$74.46	_____
	Interest on Retained Livestock <sup>6</sup>				\$21,044	\$70.73	_____
	Management & Operation Labor ( 6% of gross returns)				\$5,947	\$19.99	_____
	Total				\$66,849	\$224.70	_____
	<b>TOTAL FIXED COSTS</b>				\$77,949	\$262.01	_____
	<b>TOTAL CASH AND VARIABLE COSTS</b>				\$120,338	\$404.50	_____
	<b>TOTAL COSTS</b>				\$187,186	\$629.20	_____
	<b>RETURN ABOVE TOTAL CASH COSTS</b>				\$88,013	\$295.84	_____
	<b>RETURN ABOVE TOTAL COSTS</b>				\$21,165	\$71.14	_____

**BREAK-EVEN CALCULATIONS**

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$88.92	\$97.96
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$88.92	\$152.38

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  
LARGE 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>
6,000	Acres of private land	\$80	3.9%	\$480,000	\$480,000			
350	AU Values <sup>1</sup>	\$2,400	3.9%	\$840,000	\$840,000			
<b>Sub Totals</b>				\$1,320,000				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
13	Miles of pipeline	\$2,000	3.9%	\$26,000	\$2,600	25	100	\$1,583
5	Wells	\$11,000	3.9%	\$55,000	\$5,500	25	100	\$3,350
65	Miles of Fence	\$4,000	3.9%	\$260,000	\$26,000	25	100	\$15,835
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
<b>Sub Totals</b>				\$366,000				\$22,151
<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	3/4 ton pickup 4WD	\$45,000	6.0%	\$0	\$0	7	50	\$0
0	Tractor	\$7,000	6.0%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$7,500	6.0%	\$15,000	\$3,000	7	100	\$2,330
1	Horse tack	\$5,000	6.0%	\$5,000	\$1,000	10	100	\$603
1	Misc. equipment	\$7,500	6.0%	\$7,500	\$1,500	10	100	\$905
<b>Sub Total</b>				\$69,500				\$7,100
<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>			
10	Horses	\$1,500	6.0%	\$15,000	\$5,700	10	100	\$1,606
15	Bulls	\$3,000	6.0%	\$44,625	\$16,958	4	100	\$9,002
90	Cows	1,300	6.0%	\$117,000	\$44,460	8	100	\$14,349
<b>144</b>	<b>Total AUys</b>							
<b>Sub Total</b>				\$59,625				\$10,608
<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>	
297.5	Cows	\$1,300	6.0%	\$386,750	\$146,965			\$18,299
45	Replacement Heifers	\$1,300	6.0%	\$58,013	\$22,045			\$2,745
<b>331</b>	<b>Total AUys</b>							
<b>Sub Total</b>				\$444,763	\$169,010			\$21,044
<b>Total</b>				<u>\$2,259,888</u>				<u>\$50,294</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.