

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			<u>\$3,500</u>	\$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	AU Y	45.0%	\$38.04	\$2,739	\$17.12	_____
FEDERAL LEASE	AU Y	35.0%	\$21.60	\$3,456	\$21.60	_____
PRIVATE(Owned)	AU Y	20.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AU Y	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		
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				<u>\$10,000</u>	<u>\$62.50</u>	_____
TOTAL				\$35,831	\$223.95	_____

3. INTEREST ON VARIABLE COSTS						
SUM OF VARIABLE COSTS X MONTHS BORROWED						
X INTEREST RATE PER MONTH						
ANNUAL INTEREST RATE				6.00%		
NUMBER OF MONTHS BORROWED				6		VALUE PER COW
					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.