

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
MEDIUM COW/CALF BUDGET 2014**

	BREED HERD SIZE CULL RATE	160 15%	COW to BULL	20	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	85% 24
VALUE OF PRODUCTION						
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE²</u>	<u>VALUE</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
STEER CALVES	68	510	\$1.60	\$55,488	\$346.80	_____
HEIFER CALVES	44	485	\$1.52	\$32,437	\$202.73	_____
CULL COWS	24	900	\$0.86	\$18,576	\$116.10	_____
CULL BULLS	1	1200	\$0.92	\$1,104	\$6.90	_____
FEE HUNTING	1			\$1,500	\$9.38	_____
TOTAL	137			\$107,605	\$672.53	_____
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	14.00	\$245	\$3,430	\$21.44	_____
STATE	AUY	45.0%	\$38.04	\$2,739	\$17.12	_____
FEDERAL LEASE	AUY	25.0%	\$21.60	\$3,456	\$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	6	\$325	\$1,898	\$11.86	_____
PROTEIN SUPP	TON	20	\$525	\$10,500	\$65.63	_____
TOTAL				\$22,023	\$137.64	_____
2. OTHER VARIABLE COSTS				<u>COST</u>		
VET AND MEDICINE				\$2,530	\$15.81	_____
LIVESTOCK HAULING				\$709	\$4.43	_____
HIRED LABOR				\$8,500	\$53.13	_____
OPERATING COSTS-EQUIP & MACH				\$2,000	\$12.50	_____
OPERATING COSTS-VEHICLE				\$6,000	\$37.50	_____
RANCH MAINTENANCE				\$4,000	\$25.00	_____
BEEF CHECKOFF				\$112	\$0.70	_____
PURCHASED LIVESTOCK				\$10,000	\$62.50	_____
TOTAL				\$33,851	\$211.57	_____
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	<u>VALUE PER COW</u>	
				\$1,676	\$10.48	_____
TOTAL				\$57,550	\$359.69	_____
TOTAL				\$50,055	\$312.84	_____
OWNERSHIP COSTS						
	Annual Capital Recovery ⁴ (At Replacement Valve):			Represents 65% Asset Ownership ⁵	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
CASH COSTS						
Taxes & Insurance				\$5,392	\$33.70	_____
Overhead				\$3,500	\$21.88	_____
Total				\$8,892	\$55.57	_____
NON CASH COSTS						
Purchased Livestock				\$5,484	\$34.27	_____
Machinery & Equipment				\$5,392	\$33.70	_____
Housing & Improvements				\$9,865	\$61.66	_____
Interest on Retained Livestock ⁶				\$12,188	\$76.18	_____
Management & Operation Labor (6% of gross returns)				\$6,456	\$40.35	_____
Total				\$39,385	\$246.16	_____
TOTAL FIXED COSTS				\$48,277	\$301.73	_____
TOTAL CASH AND VARIABLE COSTS				\$66,442	\$415.26	_____
TOTAL COSTS				\$105,827	\$661.42	_____
RETURN ABOVE TOTAL CASH COSTS				\$41,163	\$257.27	_____
RETURN ABOVE TOTAL COSTS				\$1,778	\$11.11	_____
BREAKEVEN CALCULATIONS						
	<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>				
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$85.06	\$98.20				
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$85.06	\$156.41				

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
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	\$65	3.9%	\$260,000	\$260,000			
200	AU Values ¹	\$2,450	3.9%	\$490,000	\$490,000			
Sub Totals				\$750,000				
Number	Buildings, Improvements	Price Per Unit						
5	Miles of pipeline	\$2,000	3.9%	\$10,000	\$1,000	25	100	\$609
4	Wells	\$11,000	3.9%	\$44,000	\$4,400	25	100	\$2,680
22	Miles of Fence	\$4,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Sub Totals				\$164,000				\$9,865
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	1 ton pickup 4WD	\$45,000	6.0%	\$0	\$0	7	50	\$0
0	Tractor	\$7,000	6.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$7,500	6.0%	\$7,500	\$1,500	7	100	\$1,165
1	Horse tack	\$3,000	6.0%	\$3,000	\$600	10	100	\$362
1	Misc. equipment	\$5,000	6.0%	\$5,000	\$1,000	10	100	\$603
Sub Total				\$57,500				\$5,392
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
4	Horses	\$1,500	6.0%	\$6,000	\$2,280	10	100	\$642
8	Bulls	\$3,000	6.0%	\$24,000	\$9,120	4	100	\$4,841
40	Cows	\$1,400	6.0%	\$56,000	\$21,280	8	100	\$6,868
65	Total AUUs							
Sub Total				\$30,000				\$5,484
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
160	Cows	\$1,400	6.0%	\$224,000	\$85,120			\$10,598
24	Replacement Heifers	\$1,400	6.0%	\$33,600	\$12,768			\$1,590
178	Total AUUs							
Sub Total				\$257,600	\$97,888			\$12,188
Total				<u>\$1,259,100</u>				<u>\$27,445</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.