

Table 1.

**Production Characteristics for the Ranching Region**

	Units	Strip	Plateau	Central Mountains	Western Desert
Number of Cow	head	300	400	300	370
Animal Units	AUY	405	540	405	500
Replacement Rates	%	10	10	15	10
Bull to Cow Ration	head	1:15	1:15	1:15	1:15
Calf Crop	%	75	80	65	72
Steer Weights	lb	500	500	500	425
Heifer Weights	lb	475	475	475	400
Cull Cow Weights	lb	900	900	900	900
Cull Bull Weights	lb	1150	1250	1200	1250

**ns**

Southeast
350
525
20
1:20
80
450
425
900
1300

Table 2.

Net Returns for Each Arizona Ranching Region  
(High Revenue and High Cost)  
Units \$/Cow

	Strip	Plateau	Central Mountains	Western Desert
Revenues	\$312.74	\$331.80	\$265.14	\$276.15
Feed Cost	\$132.91	\$72.50	\$35.49	\$41.31
Total VC	\$309.49	\$209.05	\$144.05	\$159.65
Cash Ownership Cost	\$21.28	\$172.09	\$41.78	\$87.84
Total Ownership Cost	\$172.01	\$481.23	\$184.63	\$308.37
Returns Above Cash Cost	-\$18.03	-\$49.34	\$79.31	\$28.66
Returns Above Total Cost	-\$168.76	-\$358.48	-\$63.54	-\$191.87

Table 3.

Net Returns for Each Arizona Ranching Region  
(Low Revenue and Low Cost)  
Units \$/Cow

	Strip	Plateau	Central Mountains	Western Desert
Revenues	\$223.62	\$236.86	\$190.29	\$197.41
Feed Cost	\$104.41	\$50.39	\$31.18	\$34.60
Total VC	\$234.18	\$151.58	\$113.75	\$124.57
Cash Ownership Cost	\$13.83	\$111.86	\$27.16	\$57.09
Total Ownership Cost	\$111.04	\$313.13	\$119.88	\$200.27
Returns Above Cash Cost	-\$24.39	-\$26.58	\$49.38	\$15.75
Returns Above Total Cost	-\$121.60	-\$227.85	-\$43.34	-\$127.43

Table 4.

Net Returns for Each Arizona Ranching Region  
(High Revenue and Low Cost)  
Units \$/Cow

	Strip	Plateau	Central Mountains	Western Desert
Revenues	\$312.74	\$331.80	\$265.14	\$276.15
Feed Cost	\$104.41	\$50.39	\$31.18	\$34.60
Total VC	\$234.18	\$151.58	\$113.75	\$124.57
Cash Ownership Cost	\$13.83	\$111.86	\$27.16	\$57.09
Total Ownership Cost	\$111.04	\$313.13	\$119.88	\$200.27
Returns Above Cash Cost	\$64.73	\$68.36	\$124.23	\$94.49
Returns Above Total Cost	-\$32.48	-\$132.91	\$31.51	-\$48.69

Southeastern

Desert

\$274.26	\$292.02
\$55.78	\$67.60
\$124.80	\$189.41
\$22.12	\$69.02
\$207.55	\$270.76
\$127.34	\$33.59
<b>-\$58.09</b>	<b>-\$168.15</b>

Southeastern

Desert

\$196.85
\$40.36
\$77.79
\$14.38
\$136.23
\$104.68
<b>-\$17.17</b>

Southeastern

Desert

\$274.26
\$40.36
\$77.79
\$14.38
\$136.23
\$182.09
\$60.24

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

BREED HERD SIZE 160 COW to BULL 15 CALF CROP PERCENT<sup>1</sup> 82%  
 CULL RATE 15% REPLACEMENT HEIFER'S KEPT 24

VALUE OF PRODUCTION						
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	66	500	\$1.55	\$50,840	\$317.75	
HEIFER CALVES	42	475	\$1.47	\$29,047	\$181.55	
CULL COWS	24	900	\$0.83	\$17,928	\$112.05	
CULL BULLS	1	1200	\$0.89	\$1,068	\$6.68	
TOTAL	132			\$98,883	\$618.02	

VARIABLE COSTS						
1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
HAY	TON	18.00	\$245	\$4,410	\$27.56	
STATE	AUY	30.0%	\$38.04	\$1,826	\$11.41	
FEDERAL LEASE	AUY	60.0%	\$16.56	\$2,650	\$16.56	
PRIVATE(Owned)	AUY	10.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	
SALT & MINERAL	TON	6	\$330	\$1,927	\$12.05	
PROTEIN SUPP	TON	16	\$535	\$8,560	\$53.50	
TOTAL				\$19,373	\$121.08	

2. OTHER VARIABLE COSTS				COST		
VET AND MEDICINE				\$2,530	\$15.81	
LIVESTOCK HAULING				\$684	\$4.28	
HIRED LABOR				\$5,000	\$31.25	
OPERATING COSTS-EQUIP & MACH				\$1,800	\$11.25	
OPERATING COSTS-VEHICLE				\$6,000	\$37.50	
RANCH MAINTENANCE				\$4,000	\$25.00	
BEEF CHECKOFF				\$107	\$0.67	
PURCHASED LIVESTOCK				\$8,000	\$50.00	
TOTAL				\$28,121	\$175.76	

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	
				\$1,425	\$8.91	
TOTAL				\$48,919	\$305.74	
				\$49,964	\$312.28	

OWNERSHIP COSTS			Annual Capital Recovery <sup>3</sup> (At Replacement Value):	Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW	NEW VALUE
CASH COSTS						
Taxes & Insurance				\$10,198	\$63.73	
Overhead				\$2,000	\$12.50	
Total				\$12,198	\$76.23	
NON CASH COSTS						
Purchased Livestock				\$5,484	\$34.27	
Machinery & Equipment				\$10,198	\$63.73	
Housing & Improvements				\$16,731	\$104.57	
Interest on Retained Livestock <sup>6</sup>				\$10,447	\$65.29	
Management & Operation Labor (6% of gross returns)				\$5,933	\$37.08	
Total				\$48,792	\$304.95	
TOTAL FIXED COSTS				\$60,989	\$381.18	
TOTAL CASH AND VARIABLE COSTS				\$61,116	\$381.98	
TOTAL COSTS				\$109,908	\$686.93	
RETURN ABOVE TOTAL CASH COSTS				\$37,767	\$236.04	
RETURN ABOVE TOTAL COSTS				-\$11,025	-\$68.91	

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$76.48	\$95.55
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$76.48	\$171.84

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

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
3,500	Acres of private land	\$75	3.9%	\$262,500	\$262,500			
160	AU Values <sup>1</sup>	\$2,400	3.9%	\$384,000	\$384,000			
<b>Sub Totals</b>				<b>\$646,500</b>				
Number	Buildings, Improvements	Price Per Unit		Price	Salvage/Cull			
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
4	Wells	\$12,000	3.9%	\$48,000	\$4,800	25	100	\$2,923
45	Miles of Fence	\$4,000	3.9%	\$180,000	\$18,000	25	100	\$10,963
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>				<b>\$277,000</b>				<b>\$16,731</b>
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$42,000	6.0%	\$42,000	\$8,400	7	50	\$3,261
1	1 ton pickup 4WD	\$45,000	6.0%	\$45,000	\$9,000	7	50	\$3,494
0	Dozer/Tractor	\$5,000	6.0%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$7,000	6.0%	\$14,000	\$2,800	7	100	\$2,174
1	Horse tack	\$6,000	6.0%	\$6,000	\$1,200	10	100	\$724
1	Misc. equipment	\$4,500	6.0%	\$4,500	\$900	10	100	\$543
<b>Sub Total</b>				<b>\$111,500</b>				<b>\$10,198</b>
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	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
30	Cows	\$1,200	6.0%	\$36,000	\$13,680	8	100	\$4,415
<b>53</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				<b>\$30,000</b>				<b>\$5,484</b>
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
160	Cows	\$1,200	6.0%	\$192,000	\$72,960			\$9,084
24	Replacement Heifers	\$1,200	6.0%	\$28,800	\$10,944			\$1,363
<b>178</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				<b>\$220,800</b>	<b>\$83,904</b>			<b>\$10,447</b>
<b>Total</b>				<b>\$1,285,800</b>				<b>\$37,375</b>

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.