

Crop and Forage Budget Assumptions

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The production practices used to develop these cost estimates are common in Missouri. Equipment costs are allocated according to the number of acres on which the equipment is used. In Missouri, most farmers plant more soybeans than corn, so soybeans are charged a larger percentage of the equipment costs shared between soybeans and other crops. Yield estimates are for above average farms, so the quantity of variable inputs used in these budgets reflect the higher yield assumptions.

Price projections are justified based on market conditions at the time the budgets were developed (October 2011). The farm input prices have a large influence on the cash costs of producing farm products. To the degree that these projections are wrong at the time that inputs are actually being purchased, the costs of production in the attached budgets will need adjusting. It is recommended that users go to the website

http://fapri.missouri.edu/farmers_corner/budgets/index.asp?current_page=farmers_corner to obtain the budget generator used to create these budgets. By changing prices within these budgets, more up-to-date cost estimates can be obtained. Users can also change items such as application rates of fertilizer and chemicals, and field activities performed in order to get the cost estimates to reflect their production practices.

Land prices are increasing faster than historically. Real estate charges are based on 2011 land values. Machinery and real estate costs for different farms will vary considerably.

<u>Farm Outputs</u>	<u>2012 Price Projections</u>
Corn	\$5.50/bu.
Soybeans	\$12.00/bu.
Wheat	\$6.50/bu.
Grain sorghum	\$5.10/bu.
Corn silage	\$32.00/ton
Alfalfa	\$140.00/ton
Cool season grass	\$60.00/ton
Pasture	\$8.00/AUM

<u>Farm Inputs</u>	
Diesel fuel	\$3.50/gal.
Gasoline	\$3.70/gal.
L.P./propane	\$2.00/gal.
Electricity	\$0.08/kwh
Anhydrous ammonia	\$0.55/lb. N
Urea	\$0.66/lb. N
P ₂ O ₅ from DAP	\$0.60/lb. P ₂ O ₅
K ₂ O from MOP	\$0.57/lb. K ₂ O
Lime, applied	\$10.00/ton
Interest rate	6%
Low skill labor	\$12.00/hour
High skill labor	\$17.00/hour
Custom application:	
Herbicide	\$6.00/acre
Dry fertilizer	\$6.00/acre