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Can I make money with corn?

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Meeting the Challenge:

Farming In Uncertain Times

Nebraska Lincoln EXTENSION

Can I make money with corn?

By Paul Burgener

Ag Economist UNL Panhandle Research and Extension Center

Over the past couple of years, area farmers have been able to look at the corn market this time of year and feel confident that they will bring in a profitable crop. That may be changing for 2009. The corn price has dropped from record high levels last summer to settle in the \$3.50 to \$4.00 range in recent weeks. With projected break-even prices near \$3.75 per bushel, the outlook for corn producers is not nearly as positive as it has been.

This does not mean that there is not any good news for western Nebraska farmers this spring. The price of sugar is up significantly from last year, and it looks like we can begin to pencil in some \$45- to \$50-per-ton prices as we look forward to planting the 2009 crop. With costs for sugarbeet production sitting in the \$900-per-acre range, the break-even price for sugarbeet producers should be in the \$35- to \$40-per-ton range. This should figure out to be \$100 to \$300 per acre profit on the 2009 crop.

The dry bean market has placed many area farmers in a difficult position this fall and winter. As planning begins for the 2009 crop, the lack of a Great Northern bean market weighs heavily on many producers. It will be a tough decision to plan to produce more of what should have been the most profitable 2008 crop. If the markets come back on the board by spring and the price is in the mid \$20s, I would expect to see farmers plant significant acres. With projected break-even prices in the \$18- to \$20-per-hundredweight range, prices in the upper \$20s to lower \$30s would return profits of more than \$100 per acre. Remember, there are some restrictions in terms of base acres if you want to increase bean acres.

The continued drought has assured us that hay prices will remain strong. As grazing resources are limited, the need for hay has remained high. Alfalfa hay prices have remained over \$100 per ton through the winter, with higher quality product much higher priced. For producers with adequate water supplies and the necessary equipment, now is a great time to have alfalfa in the system.

Irrigated winter wheat is already in the field, but if prices do not recover soon, we could see a significant amount of the wheat replaced by more profitable crops in the spring.

The break-even price for irrigated wheat looks to be in the \$5.75 per bushel range, well above present price levels.

Clearly this is a good year to sharpen your pencil as planting decisions are made. Looking for opportunities to lower input costs may be more important than ever. Fertilizer and fuel prices have come off the highs of the past summer and fall, but appear to be strengthening of late. Forward pricing some of these high-cost inputs may be a good idea today. Price volatility on the input side does not appear to be going away any time soon.

There have been some opportunities to lock in profitable prices for both wheat and corn over the past few months. We anticipate that some of these opportunities will return sometime over the next several months. I am not expecting to see prices as high as last summer, but I do believe that profitable opportunities will present themselves.

Over the next several weeks, we will present a number of additional articles to assist farmers with the uncertainty faced this spring. On Feb. 20, the Cornhusker Economics Management and Outlook Conference will be coming to Scottsbluff. Further discussion on crop, livestock, land, and policy outlook will be presented at this annual conference.

Watch a narrated presentation on break-even prices for 2009 crops

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