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2020 Nebraska Crop Budgets Review

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Cornhusker Economics

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Market Report	Year Ago	4 Wks Ago	2-7-20
Livestock and Products, Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.	125.50	*	*
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	179.94	*	172.68
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	148.63	*	145.00
Choice Boxed Beef, 600-750 lb. Carcass.	216.86	208.96	210.85
Western Corn Belt Base Hog Price Carcass, Negotiated	48.91	*	*
Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean.	64.31	73.54	64.46
Slaughter Lambs, wooled and shorn, 135-165 lb. National.	132.63	148.60	156.02
National Carcass Lamb Cutout FOB.	373.85	420.81	425.74
Crops, Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu.	4.44	4.26	4.28
Corn, No. 2, Yellow **Columbus**, bu.	3.47	3.69	3.72
Soybeans, No. 1, Yellow **Columbus,** bu.	8.01	8.69	8.24
Grain Sorghum, No.2, Yellow Dorchester, cwt.	5.59	5.98	5.93
Oats, No. 2, Heavy Minneapolis, Mn, bu.	3.23	3.39	3.39
Feed			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	*	*	*
Alfalfa, Large Rounds, Good Platte Valley, ton.	105.00	107.50	105.00
Grass Hay, Large Rounds, Good Nebraska, ton.	85.00	95.00	97.50
Dried Distillers Grains, 10% Moisture Nebraska Average.	141.00	160.50	144.83
Wet Distillers Grains, 65-70% Moisture Nebraska Average.	55.50	50.00	51.67

*** No Market**

For the 2020 production year, 82 budgets for 15 crops including 2 cover crops are available from the University of Nebraska-Lincoln and the Department of Agricultural Economics. The budgets are published online in two formats including a printable pdf file version and an Excel file version. cropwatch.unl.edu/budgets

Information on crop budgeting procedures, machinery operation and ownership costs, material and service prices, and a crop budget production cost summary is included in the format of each budget. Two new irrigated corn budgets, Numbers 33 and 34, and two new soybean budgets, Numbers 64 and 65, were added for 2020, which reflect production practices and materials using new options for weed management. In four irrigated corn budgets, irrigation systems were converted from diesel power to electric, reflecting changes in practices across Nebraska.

While the crop budgets do not estimate returns with revenue projections, the budgets are based on a projected yield which is used to calculate both a total economic and a cash cost per unit of production.

Cash costs do not include ownership cost of machinery and equipment used in field operations and a real estate opportunity cost. The crop budgets assume that the operator is the landowner by showing an opportunity cost of ownership. Land values from the Nebraska Farm Real Estate Report 2019 are used in the budgets. Those values decreased overall by 1 to 2.5% from 2018. If an operator rents crop ground, land values can be deleted

in the Excel worksheet's *variable tab*. A cash rent or adjustment for the tenant's share can be made in the crop budgets along with other expenses that reflect operator costs.

A key factor in preparing the annual crop budgets is estimating prices for supplies, materials, and inputs used in producing each crop. There were some price increases noted for some inputs in the 2020 budgets while some dropped in price. Fifteen additional herbicides were added to the list of material inputs used, due in part to the four new budgets added along with changes in weed management practices. Fertilizer prices changed only slightly in the 2020 budgets. The fuel and lube price per gallon dropped 8% from 2019 to $2.61 /gallon. Fuel costs per acre are calculated using machinery accomplishment rates as well as estimated fuel consumption rates.

Labor availability in rural areas has become more challenging along with rising family living expenses; therefore, an increase of $5 per hour was built into the labor rate for 2020. Labor costs for each operation are calculated using machinery accomplishment rates and are adjusted for additional time required for getting machinery ready, adjusting machinery, and handling fertilizer and other supplies.

There are several contributing sources assisting with information for the budgets including agricultural suppliers and University of Nebraska-Lincoln crop and agricultural economics specialists. Robert Klein, Emeritus Professor and Extension Cropping Systems Specialist, has led the effort in researching price expectations for input costs and crop budget updates for many years.

Due to increasing yield production trends in recent years, projected yields for 2020 were increased. For most of the irrigated corn budgets, yields were increased by ten bushels per acre with five bushels per acre added to projected yields for all soybean, grain sorghum, and dryland wheat budgets. The yield for sorghum sudan, Budget 56, was increased by 1.7 tons to 5 tons. A 2-ton yield increase was added to irrigated corn silage, Budget 40. Increasing yields drives down the cost of production per unit; total cash costs and total economic costs are divided by yield to determine the per unit cost.

While decreased production costs per unit is good news, in many cases decreased crop prices don't allow for breakeven or above scenarios. These crop budgets were created using assumptions thought to be valid for many producers in Nebraska; however, each farming operation is unique. The prepared budgets are available as a guide and should be examined carefully prior to being used for decision making by individual producers.

Resources:

Nebraska Farm Real Estate Report 2019 - https://agecon.unl.edu/realestate/2019-farm-real-estate-report

2020 Nebraska Crop Budgets - https://cropwatch.unl.edu/budgets

Table 1: Summary of 2020 Corn Budgets (25 total)

2020 Corn Budgets		Yield Est.	Cash Cost /bu	Economic Cost /bu
Budget #	***Dryland***			
15	Dryland Conv Till	100	$3.36	$4.74
16	Dryland Conv Till	110	$2.77	$3.96
17	Dryland Conv Till	160	$2.45	$3.80
18	Dryland Conv Till	170	$2.15	$3.39
19	Dryland No Till	135	$2.49	$3.39
20	Dryland No Till	180	$2.21	$3.34
21	Dryland No Till	140	$2.51	$3.37
22	Dryland No Till	185	$2.24	$3.34
23	Dryland No Till	145	$2.19	$3.04
24	Dryland No Till	195	$1.96	$3.01
25	Dryland Eco fallow	130	$2.33	$2.95
	Dryland Corn Average	150	$2.42	$3.48
Budget #	***Irrigated***			
26	Irrigated Ridge Till	245	$2.26	$3.22
27	Irrigated Ridge Till	255	$2.08	$2.98
28	Irrigated Ridge Till	250	$2.29	$3.24
29	Irrigated Conv Till	195	$2.69	$3.37
30	Irrigated No Till	245	$2.22	$3.14
31	Irrigated No Till	250	$2.23	$3.12
32	Irrigated No Till	275	$2.02	$2.84
33	Irrigated No Till	275	$2.08	$2.90
34	Irrigated No Till	275	$2.09	$2.91
35	Irrigated Conv Till	235	$2.54	$3.59
36	Irrigated Conv Till	245	$2.33	$3.30
37	Irrigated Conv Till	195	$2.84	$3.55
38	Irrigated Conv Till	205	$2.61	$3.26
39	Irrigated Conv Till	240	$2.55	$3.57
	Irrigated Corn Average	242	$2.35	$3.21

Table 2: Summary of 2020 Soybean Budgets (10 total)

2020 Soybean Budgets		Yield Est.	Cash Cost /bu	Economic Cost /bu
Budget #	***Dryland***			
57	Dryland Conv Till	45	$5.54	$8.32
58	Dryland No-till	45	$5.38	$7.73
59	Dryland No-till	45	$5.41	$7.98
	Dryland Average	**45**	**$5.44**	**$8.01**
Budget #	***Irrigated***			
60	Pivot Irr Conv Till	67	$5.59	$9.01
61	Grav Irr Ridge Till	70	$4.88	$7.93
62	Pivot Irr No-till	75	$4.88	$7.74
63	Pivot Irr No-till	64	$5.21	$8.55
64	Pivot Irr No-till drilled	78	$4.45	$7.18
65	Pivot Irr No-till drilled	78	$4.47	$7.20
66	Pivot Irr No-till drilled	78	$4.48	$7.21
	Irrigated Average	**73**	**$4.85**	**$7.83**

Table 3: Summary of 2020 Wheat Budgets (7 total)

2020 Wheat Budgets		Yield Est.	Cash Cost /bu	Economic Cost /bu
Budget	***Dryland***			
74	Dryland No-till Wheat after Row Crop	55	$3.24	$4.48
75	Dryland No-till, Fallow	70	$3.34	$4.90
76	Dryland Stubble Mulch Fallow	65	$3.34	$5.26
77	Dryland Conv Till	60	$3.50	$5.50
78	Dryland No-till Wheat before Corn	80	$3.03	$4.29
	Dryland Average	**66**	**$3.29**	**$4.89**
Budget	***Irrigated***			
79	Wheat No-till after Dry Beans	105	$2.87	$3.88
80	Wheat No-till	90	$3.46	$4.65
	Irrigated Average	**97.5**	**$3.17**	**$4.27**

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