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2013 Nebraska Crop Budgets

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CORNHUSKER ECONOMICS

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Market Report	Yr Ago	4 Wks Ago	12/7/12
Livestock and Products, Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.	$120.46	$123.89	$123.26
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	169.51	162.60	169.63
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	148.50	140.89	152.33
Choice Boxed Beef, 600-750 lb. Carcass.	188.57	193.14	194.47
Western Corn Belt Base Hog Price Carcass, Negotiated.	82.68	77.88	79.40
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.	89.48	85.88	84.96
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.	158.00	92.63	97.13
National Carcass Lamb Cutout, FOB.	403.36	303.30	297.59
Crops, Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu.	5.93	8.53	8.06
Corn, No. 2, Yellow Nebraska City, bu.	5.99	7.44	7.31
Soybeans, No. 1, Yellow Nebraska City, bu.	11.00	14.31	14.62
Grain Sorghum, No. 2, Yellow Dorchester, cwt.	10.04	12.57	12.29
Oats, No. 2, Heavy Minneapolis, MN , bu.	3.24	3.79	4.03
Feed			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	155.00	255.00	$0.00
Alfalfa, Large Rounds, Good Platte Valley, ton.	132.50	215.00	215.00
Grass Hay, Large Rounds, Good Nebraska, ton.	95.00	212.20	215.00
Dried Distillers Grains, 10% Moisture, Nebraska Average.	216.00	285.25	282.50
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	70.00	107.25	104.25

*No Market

The 2013 Nebraska Crop Budgets have been estimated and are in the process of being published. When published, they can be accessed on the internet from the Cropwatch (http://cropwatch.unl.edu/web/economics/home) and the Agricultural Economics (http://agecon.unl.edu/budgets) websites. There are 53 budgets this year for 16 different crops.

One of the challenges in estimating these budgets is determining prices for materials used in production. This is accomplished through visiting with suppliers willing to share their views on price expectations. These prices can be found in Table 3 of the published budgets.

The general trend is for prices to be higher. However, this year the price of all fertilizers included in the budgets are expected to be lower, except for anhydrous ammonia. Prices used for seed are all expected to be the same or higher, except for Roundup Ready® 2 Soybean seed and Sorghum Safened seed. With the exception of AAtrex® 4L, Lumax® and Pursuit®, all herbicide prices used are the same or higher than last year. Fungicide prices used are all the same or higher than those used last year.

There are two areas where prices have increased substantially from last year's budgets to this year's. The first is real estate costs. Opportunity cost is used to estimate land costs for the budgets. It is calculated by multiplying an "investment" interest rate (which is four percent both this year and last), times the price of real estate as determined by an annual survey conducted by the University of Nebraska-Lincoln Department of Agricultural Economics. The results of this survey are published in the *Nebraska Farm Real Estate Market Highlights* report, which can be

accessed at: http://agecon.unl.edu/realestate.html. Since the latest survey available was conducted last winter, these land prices tend to lag a year, so budget users may want to take this into consideration.

The second area where prices used in the budgets have increased substantially is crop insurance premiums. The United States Department of Agriculture (USDA) Risk Management Agency's website for estimating crop insurance premiums was used this year (http://ewebapp.rma.usda.gov/apps/costestimator/Estimates/QuickEstimate.aspx). Crop insurance premiums vary based on many factors, such as insurance choices and locations. Estimates were based using 2012 prices since 2013 price data is not available yet. Premiums for revenue insurance were calculated using 100 percent of projected price and percent of yield.

Crop Insurance premiums vary based on county. We used Buffalo County for Soybeans and all Corn budgets except for Budget 12, an EcoFallow corn and wheat rotation, where we used the rates for Red Willow County. Cheyenne County was used for Dry Bean and Millet rates, Jefferson County for Grain Sorghum, Burt County for Oats, Box Butte County for Sugar Beets, Perkins County for Sunflowers and Keith County for Wheat.

The price used for diesel fuel was $3.50, which is the same as last year. The electricity price was increased from $0.095 to $0.128 per kilowatt-hour from last year to this. In addition, the "Electrical Connect Fees" were changed to "Electricity Fixed," and the rate increased from $3.65 to $28.36 per acre. Wages used for both last year and this year were $20.00 per hour.

Two new Sugar Beet budgets were added this year. They differ from the existing ones in that they use field operations for planting into corn stalks using minimum tillage.

As usual, some of the operations used were changed, as well as some of the chemicals. Changes in operations reflect what is observed in the industry. It is not uncommon for changes to the budgets to result from comments by farmers, suppliers or other professionals. Choices of materials used reflect experiences of University agronomists, but do not constitute endorsements, as often there are alternative materials that would work equally well and maybe better in some systems. Producers should rely on advice from local suppliers and consultants, as conditions may cause a material that works well in one area to not be as effective elsewhere.

Costs per acre have increased again this year. This increase varies from seven to thirteen percent for the corn budgets. Conventionally produced continuous corn on dryland had the largest increase of the corn budgets. A number of different corn budgets show a seven percent cost increase, most of which are no-till or reduced till systems.

Cost increases for the different soybean production systems range from twelve to twenty percent. The budget with the lowest per acre cost increase is for a gravity irrigated, ridge till system. The budget showing the most cost increase is the pivot irrigated - no till system, using roundup ready seed grown after corn.

The no-till fallow budget showed the least increase in cost (5%) for wheat production, while the no-till following a row crop showed the most (12%).

In addition to estimating a total cost of production per acre, each budget also shows the cash costs of production. While these budgets do not estimate returns, they are based on a given yield. This yield is used to calculate both a total and a cash cost per unit of production.

Table 1 shows the low, high and average total cost per unit of production for selected crops.

Table 1. Cost per Unit of Production for Selected Crops

	Low	High	Average
Alfalfa	**67.65**	**107.92**	**92.71**
Corn	**3.91**	**6.34**	**4.55**
Dry Beans	**22.84**	**25.21**	**24.06**
Grain Sorghum	**3.57**	**4.19**	**3.88**
Soybeans	**7.50**	**10.55**	**9.18**
Sugar Beets	**29.70**	**38.12**	**34.02**
Wheat	**5.86**	**7.35**	**6.44**

It is important that those who use these budgets realize that they are estimates based on assumptions. While much effort is used to make them complete, valid and reliable, they should be examined carefully prior to being used for decision making. The Excel® workbook used to calculate these budgets is also available online, so interested parties may change the assumptions that have been made.

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