

June 30, 2014

Please contact your local County Extension office or Area Specialist – Farm Management for assistance in developing your own budget or farm financial plan. This table below should be used as a guide as yields, prices, and expenses will vary among producers and locations. Expenses will vary among producers and production systems. Cotton prices include revenue for cottonseed and hauling. There have been some adjustments made in fertilizer prices as that input seems to be easing up. For reference, in variable expenses below, fertilizer expense per acre is estimated as follows: Cotton - \$ 121, Soybeans - \$40, Corn - \$167 (includes 170 units of N), Milo - \$104, and Wheat/Soybeans - \$111. Cost of production will continue to be adjusted as information becomes available. Projected yields used in these estimates are based on 5 year average Tennessee yields. Please note that the wheat yield is the June USDA state average estimate for Tennessee. Weed control costs with resistant weeds have also been difficult to estimate. These costs will vary greatly among producers and individual fields. Production costs are estimates based on the 2014 University of Tennessee Crop Budgets with adjustments made where needed. Please visit with your farm supplier on estimated cost in your area. Producers with owned land and or cash rent can use Returns Over Variable as a guide in decision making. Producers with share rent ground should use Returns Over Variable and Land Costs as a guide with their appropriate share rent calculated. A land cost of 25% of revenue minus 25% of crop insurance cost is used in the table as a guide or method of comparison and should not be construed as the appropriate rent for a particular area. Producers who are not making major equipment changes can use UT budgets and this table as a guide in developing their own cropping decision budgets. If equipment changes are being made, then a whole farm financial plan would be better suited as a decision aid.

2014 Estimated Returns

	Cotton	Soybeans	Corn	Milo	Wheat/Soybeans
Yield	860 lbs.	40 bu.	127 bu.	85 bu.	70 bu./28 bu.
Price (as of 6/30/14)	\$0.74 lb.	\$11.80 bu.	\$4.14 bu.	\$4.49 bu.	\$5.58 bu./\$11.80 bu.
Revenue	\$636	\$472	\$526	\$382	\$721
Variable Expenses	\$504	\$274	\$406	\$231	\$449
Returns Over Variable	\$133	\$198	\$120	\$150	\$272
Land Costs (25% of Revenue-25% crop insurance)	\$157	\$115	\$128	\$94	\$175
Returns Over Variable and Land Costs	-\$24	\$82	-\$8	\$56	\$97
Fixed Costs Depreciation & interest on machinery	\$85	\$63	\$60	\$60	\$107
Returns Over Specified Costs	-\$109	\$19	-\$68	-\$3	-\$9
Breakeven Price at Average Yield and Specified Cost	\$0.87	\$11.32	\$4.67	\$4.53	\$5.84/\$11.56

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The table below is an estimate of returns for crops under irrigation. Since irrigated yields are not as of yet kept separate in Tennessee, yields below are an estimate of irrigated yields. Irrigation fixed costs and energy costs will vary greatly among producers and systems. These projections include in variable expenses energy costs for irrigation of \$26 per acre and \$11 per acre of irrigation repairs and maintenance. Fixed costs of \$88 per acre for irrigation equipment are used. Please contact your local County Extension office or Area Specialist – Farm Management for assistance in developing your own budget or farm financial plan. This table below should be used as a guide as yields, prices, and expenses will vary among producers and locations. Expenses will vary among producers and production systems. Cotton prices include revenue for cottonseed and hauling. For reference, in variable expenses below, fertilizer expense per acre is estimated as follows: Cotton - \$ 121, Soybeans - \$40, Corn - \$215 (includes 225 units of N), Milo - \$138, and Wheat/Soybeans - \$111. Cost of production will continue to be adjusted as information becomes available. Weed control costs with resistant weeds have also been difficult to estimate. These costs will vary greatly among producers and individual fields. Production costs are estimates based on the 2014 University of Tennessee Crop Budgets with adjustments made where needed. Please visit with your farm supplier on estimated cost in your area. Producers with owned land and or cash rent can use Returns Over Variable and Fixed IR Costs as a guide in decision making. Producers with share rent ground should use Returns Over Variable, Fixed IR Costs and Land Costs as a guide with their appropriate share rent calculated. A land cost of 25% of revenue minus 25% of crop insurance cost minus 25% of the irrigation equipment fixed cost is used in the table as a guide or method of comparison and should not be construed as the appropriate rent for a particular area. A management cost of \$30 per acre is included in Fixed Costs – management labor, depreciation & interest on machinery. This is an additional \$15 above the dryland crop management labor. Producers who are not making major equipment changes can use UT budgets and this table as a guide in developing their own cropping decision budgets. If equipment changes are being made, then a whole farm financial plan would be better suited as a decision aid.

2014 Estimated Returns - Irrigation

	Cotton	Soybeans	Corn	Milo	Wheat/Soybeans
Yield	1100 lbs.	60 bu.	190 bu.	130 bu.	70 bu./45 bu.
Price (as of 6/13/14)	\$0.74 lb.	\$11.80 bu.	\$4.14 bu.	\$4.49 bu.	\$5.58 bu./\$11.80 bu.
Revenue	\$814	\$708	\$787	\$584	\$922
Variable Expenses(include energy cost)	\$542	\$312	\$506	\$307	\$486
Fixed Irrigation Costs per Acre	\$88	\$88	\$88	\$88	\$88
Returns Over Variable & Fixed IR Costs	\$184	\$308	\$193	\$189	\$348
Land Costs (25% of Revenue-25% crop insurance-25% fixed irrigation costs)	\$179	\$152	\$172	\$123	\$203
Returns Over Variable, IR Fixed Cost and Land Costs	\$5	\$156	\$21	\$66	\$145
Fixed Costs- management labor, depreciation & interest on machinery	\$100	\$78	\$75	\$75	\$122
Returns Over Specified Costs	-\$95	\$78	-\$54	-\$9	\$23
Breakeven Price at Average Yield and Specified Cost	\$0.83	\$10.51	\$4.42	\$4.56	\$5.84/\$10.96