

AgriProfit\$

Economics & Competitiveness

2006 Cost and Return Guide

Brown Soil Zone

HANNA
OYEN
BROOKS
MEDICINE HAT
LETHBRIDGE
TABER
MILK RIVER

2006 Production Costs and Returns (\$/Acre)

Brown Soils

	Stubble Seeded Crops										Fallow Seeded Crops							
<i>AgriProfit</i> \$	Spring Wheat #1 13.5%	Winter Wheat #1 CWRW	Durum Wheat #1 13%	Feed Barley	Yellow Mustard	Kabuli Chickpeas	Edible Peas	Laird Lentils	Mixed Hay		Summer Fallow	Spring Wheat #1 13.5%	Winter Wheat #1 CWRW	Durum Wheat #1 13%	Malt Barley 2 row	H.T. Canola	Yellow Mustard	
Yield per Acre	28 bu.	39 bu.	31 bu.	44 bu.	600 lbs.	1,030 lbs.	40 bu.	850 lbs.	1.50 t		0	29 bu.	47 bu.	34 bu.	46 bu.	30 bu.	700 lbs.	
Exp. Market Price (\$/Unit)	3.90	3.00	3.80	2.60	0.14	0.20	3.90	0.11	50.00		0.00	3.90	3.00	3.80	2.70	5.50	0.14	
Crop Sales	109.20	117.00	117.80	114.40	84.00	206.00	156.00	93.50	75.00		0.00	113.10	141.00	129.20	124.20	165.00	98.00	
Direct Expenses:																		
Seed (Incl. tmt. and cleaning)	12.50	14.00	15.00	11.00	12.50	65.00	27.00	15.00	2.50		0.00	12.50	14.00	15.00	10.00	25.00	12.50	
Fertilizer - Nitrogen	11.50	11.50	11.50	11.50	11.50	0.00	0.00	0.00	15.50		0.00	7.00	7.00	7.00	7.00	7.00	7.00	
- Phosphorous	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	0.00		0.00	6.00	6.00	6.00	6.00	6.00	6.00	
- Potassium	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
- Sulphur	0.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total Fertilizer	19.50	19.50	19.50	19.50	22.50	8.00	8.00	8.00	15.50		0.00	13.00	13.00	13.00	13.00	13.00	13.00	
Chemicals - Pre-Seed	4.50	0.00	4.50	4.50	4.50	4.50	4.50	4.50	1.00		4.50	0.00	0.00	0.00	0.00	0.00	0.00	
- In Crop	19.00	7.50	19.00	7.50	20.00	25.00	25.00	15.00	0.00		0.00	15.00	7.50	15.00	15.00	25.00	20.00	
- Pre-Harvest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Crop Insurance	12.50	11.00	13.00	14.00	13.00	13.50	8.00	16.00	11.00		0.00	12.50	11.00	13.00	14.00	17.00	13.00	
Trucking and Marketing	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	0.00		0.00	2.50	2.50	2.50	2.50	2.50	2.50	
Fuel, Oil & Lube.	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00		4.50	9.00	9.00	9.00	9.00	9.00	9.00	
Machinery Repairs	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50		3.00	8.50	8.50	8.50	8.50	8.50	8.50	
Building Repairs	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50		0.00	2.50	2.50	2.50	2.50	2.50	2.50	
Custom Work	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50		0.00	1.50	1.50	1.50	1.50	1.50	1.50	
Labour	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00		14.00	14.00	14.00	14.00	14.00	14.00	14.00	
Utilities & Miscellaneous	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50		0.00	8.50	8.50	8.50	8.50	8.50	8.50	
Operating Interest	1.46	1.08	1.52	1.12	1.56	2.69	1.69	1.12	0.50		0.12	1.06	0.91	1.13	1.00	1.65	1.19	
Other Variable Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total Direct Expense	115.96	99.58	119.02	104.12	120.56	165.19	120.69	106.12	74.50		26.12	100.56	92.91	103.63	99.50	128.15	106.19	
Contribution Margin	(6.76)	17.42	(1.22)	10.28	(36.56)	40.81	35.31	(12.62)	0.50		(26.12)	12.54	48.09	25.57	24.70	36.85	(8.19)	

Cost Assumptions

Nitrogen Cost
\$0.46/lb. actual N

Phosphorus Cost
\$0.40/lb actual P

Potassium Cost
\$0.25/lb. actual K

Sulphur Cost
\$0.30/lb. actual S

Crop insurance
rates at 70% with
Spring Price
Endorsement.

Operating Interest
5.25% per annum

Total Cost per Unit	\$6.03	\$3.91	\$5.55	\$3.57	\$0.29	\$0.21	\$4.34	\$0.19	\$85.00	N/A	\$5.30	\$3.10	\$4.61	\$3.32	\$6.04	\$0.23
Breakeven yield	43.3	50.9	45.3	60.4	1239.7	1091	44.5	1447	2.55	N/A	39.4	48.6	41.2	56.5	32.9	1137

Capital Costs	
Land Rent	20
Licenses and Insurance	7
Depreciation	17
Paid Capital Interest	9
Total Capital Costs	53

The contribution margin represents the amount a particular crop contributes to fixed costs and return to management and equity. It is the number to use to compare cropping choices, as fixed costs generally do not vary greatly from crop to crop. For your information we have included a sample fixed cost profile.

Questions?
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Individual Production Costs & Returns (\$/Acre)

<i>AgriProfit</i> \$	Crop 1	Crop 2	Crop 3	Crop 4	Crop 5
Yield per Acre					
Price per Unit Produced					
Gross Revenue					
Direct Expenses:					
Seed					
Fertilizer					
Chemicals					
Hail/Crop Insurance					
Trucking and Marketing					
Fuel, Oil & Lube					
Irrigation: Pumping Costs					
Machinery Repairs					
Building Repairs					
Utilities and Miscellaneous					
Custom Work					
Hired Labour					
Operator Labour					
Operating Interest					
Summerfallow Expense					
Other Expenses					
Total Direct Expense					
Contribution Margin					
Land Cost					
Irrigation: Water Rates					
Licenses and Insurance					
Depreciation					
Paid Capital Interest					
Total Capital Costs					
Return to Equity					
Breakeven Yield					
Breakeven Price					