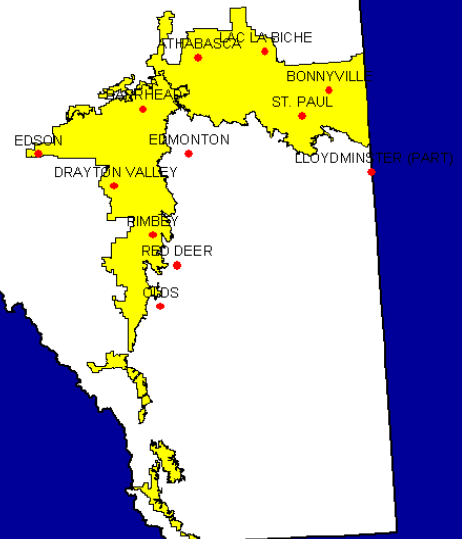


AgriProfit\$

Economics & Competitiveness

2006 Cost and Return Guide

Dark Grey Soil Zone



2006 Production Costs and Returns (\$/Acre)

Grey-Wooded Soils

<i>AgriProfit</i> \$	Spring Wheat #2 11.5%	CPS Wheat #1 CPSR	Feed Barley	Malt Barley 2 row	Feed Oats	Milling Oats	H.T. Canola	Feed Peas	Mixed Hay	Alfalfa Hay	Cereal Silage	
Yield per Acre	50 bu	55 bu	65 bu	60 bu	80 bu	80 bu	40 bu	40 bu	2.00	2.00 t	6.00 t	<i>Cost Assumptions</i>
Exp. Market Price (\$/Unit)	3.37	3.00	2.40	2.70	1.70	1.90	5.50	3.50	50.00	60.00	20.00	
Crop Sales	168.50	165.00	156.00	162.00	136.00	152.00	220.00	140.00	100.00	120.00	120.00	Nitrogen Cost \$0.49/lb. actual N
Direct Expenses:												
Seed (Incl. tmt. and cleaning)	12.50	14.50	11.00	10.00	10.00	12.00	25.00	27.00	4.00	5.00	11.00	Phosphorus Cost \$0.33/lb actual P
Fertilizer - Nitrogen	34.00	34.00	34.00	34.00	34.00	34.00	49.00	0.00	25.00	0.00	34.00	Potassium Cost \$0.33/lb. actual K
- Phosphorous	3.00	3.00	3.00	3.00	3.00	3.00	7.00	3.00	3.00	7.00	3.00	
- Potassium	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	0.00	0.00	8.00	0.00	0.00	8.00	0.00	
Total Fertilizer	37.00	37.00	37.00	37.00	37.00	37.00	64.00	3.00	28.00	15.00	37.00	Sulphur Cost \$0.35/lb. actual S
Chemicals - Pre-Seed	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	1.00	1.00	0.00	
- In Crop	20.00	20.00	20.00	20.00	7.50	7.50	25.00	25.00	0.00	0.00	5.00	Crop insurance rates at 70% with Spring Price Endorsement.
- Pre-Harvest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Crop Insurance	11.00	11.00	8.50	8.50	10.50	10.50	12.00	9.00	11.00	6.50	8.50	
Trucking and Marketing	4.00	4.40	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00	0.00	
Fuel, Oil & Lube.	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	Operating Interest 5.25% per annum
Machinery Repairs	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	3.50	3.50	3.50	
Building Repairs	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	0.50	0.50	0.50	
Custom Work	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	3.00	3.00	3.00	
Labour	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	6.50	6.50	6.50	
Utilities & Miscellaneous	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	2.50	2.50	2.50	
Operating Interest	1.94	2.00	1.90	1.88	1.55	1.60	3.11	1.56	0.87	0.55	1.39	
Other Expense	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	154.94	157.40	150.90	149.88	139.05	141.10	201.61	138.06	73.87	57.05	91.89	
Contribution Margin	13.56	7.60	5.10	12.12	(3.05)	10.90	18.39	1.94	26.13	62.95	28.11	

Total Cost per Unit	\$4.50	\$4.13	\$3.40	\$3.66	\$2.61	\$2.64	\$6.79	\$5.20	\$71.93	\$63.53	\$26.98
Breakeven yield	66.7	75.8	92.0	81.4	123.0	111.1	49.4	59.4	2.88	2.12	8.09

Capital Costs	
Land Rent	26
Licenses and Insurance	5
Depreciation\Lease	26
Paid Capital Interest	13
Total Capital Costs	70

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?
Stefan Verchomin, Crop Economist, Alberta Agriculture, (780) 422-7095

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					