

AgriProfit\$

Economics & Competitiveness

2006 Cost and Return Guide



2006 Production Costs and Returns (\$/Acre)

Grey-Wooded Soils (Peace Region)

<i>AgriProfit</i> #	Spring Wheat #2 11.5 % 41 bu	CPS Wheat #1 CPSR 48 bu	Feed Barley 54 bu	Malt Barley 2 row 54 bu	Feed Oats 75 bu	H.T. Canola 30 bu	Fescue Seed 400 lbs	Feed Peas 40 bu	Export Timothy 1.75 t	Mixed Hay 1.75 t	Alfalfa Hay 2.00 t	Cereal Silage 6.00 t	<i>Cost Assumptions</i>
Yield per Acre													
Exp. Market Price (\$/Unit)	3.40	3.00	2.40	2.70	1.90	5.50	0.35	3.50	118.50 *	45.00	55.00	20.00	
Crop Sales	139.40	144.00	129.60	145.80	142.50	165.00	140.00	140.00	207.38	78.75	110.00	120.00	Nitrogen Cost \$0.47/lb. actual N
Direct Expenses:													
Seed (Incl. tmt. and cleaning)	12.50	14.50	11.00	10.00	10.00	25.00	1.00	27.00	1.00	4.00	5.00	11.00	Phosphorus Cost \$0.41/lb actual P
Fertilizer - Nitrogen	33.00	33.00	33.00	33.00	14.00	49.00	10.00	0.00	33.00	7.00	0.00	33.00	Potassium Cost \$0.22/lb. actual K
- Phosphorous	8.00	8.00	8.00	8.00	8.00	10.00	3.00	10.00	10.00	2.00	10.00	8.00	
- Potassium	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	1.00	0.00	5.00	0.00	
- Sulphur	0.00	0.00	0.00	0.00	0.00	4.00	1.00	5.00	3.00	5.00	5.00	0.00	
Total Fertilizer	41.00	41.00	41.00	41.00	22.00	65.00	14.00	15.00	47.00	14.00	20.00	41.00	Sulphur Cost \$0.35/lb. actual S
Chemicals - Pre-Seed	4.50	4.50	4.50	4.50	4.50	4.50	0.00	4.50	5.00	1.00	1.00	0.00	
- In Crop	20.00	20.00	20.00	20.00	7.50	25.00	25.00	25.00	10.00	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	0.00	
Crop Insurance	10.00	9.00	8.00	8.00	9.50	12.00	10.25	9.00	10.50	9.00	8.50	8.00	
Trucking and Marketing	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	12.69	0.00	0.00	0.00	
Fuel, Oil & Lube.	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	Operating Interest 5.25% per annum
Machinery Repairs	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	4.00	2.00	2.00	2.00	
Building Repairs	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50	1.50	1.50	1.50	
Custom Work	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	4.00	4.00	4.00	
Labour	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	7.00	5.00	5.00	5.00	
Utilities & Miscellaneous	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	3.00	8.00	8.00	8.00	
Operating Interest	2.05	2.10	2.01	1.98	1.16	3.14	1.05	1.88	1.65	0.50	0.68	1.50	
Other Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33.75	0.00	0.00	0.00	
Total Direct Expense	142.55	143.60	139.01	137.98	107.16	187.14	103.80	134.88	148.59	59.00	65.68	97.00	
Contribution Margin	(3.15)	0.40	(9.41)	7.82	35.35	(22.14)	36.20	5.12	58.78	19.75	44.32	23.00	

Total Cost per Unit	\$4.92	\$4.22	\$3.67	\$3.65	\$2.22	\$8.20	\$0.41	\$4.85	\$118.63	\$67.43	\$62.34	\$26.00
Breakeven yield	59.3	67.5	82.5	73.0	87.5	44.8	465.1	55.4	1.75	2.62	2.27	7.80

Capital Costs	
Land Rent	30
Licenses and Insurance	3
Depreciation	22
Paid Capital Interest	4
Total Capital Costs	59

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

*Market price assumes a blend of 25% @ \$60/t (domestic), 30% @ \$120 (#2 export) and 45% @ \$150 (#1 export).

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					