

**COTTON**  
**ESTIMATED PER ACRE COSTS AND RETURNS, SOUTH AND EAST GEORGIA, 2007**

|                         |                      |                            |               |
|-------------------------|----------------------|----------------------------|---------------|
| <b>Seed Technology:</b> | <b>BR</b>            | <b>Row Spacing:</b>        | <b>36</b>     |
| <b>Tillage:</b>         | <b>Conventional</b>  | <b>Seed Per Foot:</b>      | <b>2.75</b>   |
| <b>Production:</b>      | <b>Non-Irrigated</b> | <b>Seed Per Bag or Lb:</b> | <b>250000</b> |

|  | Lbs/Acre | Price/Lb | Income/Ac       | Cents/Lb     |
|--|----------|----------|-----------------|--------------|
| <b>INCOME (Price including LDP or Loan Gain)</b> | 700      | 0.59     | <b>\$413.00</b> | <b>59.00</b> |

| <b>VARIABLE COST</b>                     |                  | Unit     | No. Units | Price/Unit | Cost/Acre | Cents/Lb |
|--|------------------|----------|-----------|------------|-----------|----------|
| Land Rent                                |                  | Acre     | 1         | 0.00       | 0.00      | 0.00     |
| Seed (Including Tech Fee and Treatments) |                  |          |           |            |           |          |
| Seeds Per Acre                           | 39,930           | Bag      | 0.160     | 410.00     | 65.48     | 9.35     |
| Lime- Custom Spread                      |                  | Ton      | 0.33      | 28.00      | 9.24      | 1.32     |
| Fertilizers                              |                  |          |           |            |           |          |
| Nitrogen                                 |                  | Lbs      | 70        | 0.43       | 30.10     | 4.30     |
| Phosphate (P2O5)                         |                  | Lbs      | 50        | 0.31       | 15.50     | 2.21     |
| Potash (K2O)                             |                  | Lbs      | 80        | 0.23       | 18.40     | 2.63     |
| Chicken Litter                           |                  | Tons     | 0         | 18.00      | 0.00      | 0.00     |
| Boron                                    |                  | Lbs      | 0.5       | 3.60       | 1.80      | 0.26     |
| Others                                   |                  | Acre     | 1         | 0.00       | 0.00      | 0.00     |
| Herbicides                               |                  |          |           |            |           |          |
| Pre-Plant, Incorporated                  |                  | Acre     | 1         | 5.00       | 5.00      | 0.71     |
| At Planting or Pre-Emergence             |                  | Acre     | 1         | 13.00      | 13.00     | 1.86     |
| Post-Emergence, OTT                      |                  | Acre     | 1         | 5.50       | 5.50      | 0.79     |
| Post-Emergence, Directed                 |                  | Acre     | 1         | 6.50       | 6.50      | 0.93     |
| Others                                   |                  | Acre     | 1         | 0.00       | 0.00      | 0.00     |
| Insecticides                             |                  |          |           |            |           |          |
| In-Furrow                                |                  | Lbs      | 3.5       | 3.10       | 10.85     | 1.55     |
| Spray- Pyrethroid                        |                  | Appl     | 1         | 5.00       | 5.00      | 0.71     |
| Spray- Others                            |                  | Appl     | 2         | 4.50       | 9.00      | 1.29     |
| Nematicide                               |                  | Acre     | 1         | 0.00       | 0.00      | 0.00     |
| PGR                                      |                  | Ounces   | 16        | 0.22       | 3.52      | 0.50     |
| Boll Opener and Defoliant                |                  | Acre     | 1         | 14.00      | 14.00     | 2.00     |
| Custom Application- Air                  |                  |          |           |            |           |          |
| Insecticides                             |                  | Appl     | 0         | 0.00       | 0.00      | 0.00     |
| Herbicides                               |                  | Appl     | 0         | 0.00       | 0.00      | 0.00     |
| PGR                                      |                  | Appl     | 0         | 0.00       | 0.00      | 0.00     |
| Defoliation                              |                  | Appl     | 1         | 5.00       | 5.00      | 0.71     |
| Scouting                                 |                  | Acre     | 1         | 7.50       | 7.50      | 1.07     |
| BWEP                                     |                  | Acre     | 1         | 2.75       | 2.75      | 0.39     |
| Machinery and Equipment                  |                  |          |           |            |           |          |
| Fuel and Lube                            |                  | Gal      | 13.35     | 2.20       | 29.37     | 4.20     |
| Repairs and Maintenance                  |                  | Acre     | 1         | 25.00      | 25.00     | 3.57     |
| Custom Picking                           |                  | Acre     | 1         | 0.00       | 0.00      | 0.00     |
| Crop Insurance                           |                  | Acre     | 1         | 19.00      | 19.00     | 2.71     |
| Labor                                    |                  | Hrs      | 2.25      | 10.00      | 22.50     | 3.21     |
| Interest on Operating                    | Months 6         | \$324.01 | 0.50      | 8.0%       | 12.96     | 1.85     |
| Ginning and Warehousing                  |                  |          |           |            |           |          |
| Ginning                                  |                  | Lbs      | 700       | 0.085      | 59.50     | 8.50     |
| Storage and Warehousing                  |                  | Bale     | 1.4       | 10.00      | 14.00     | 2.00     |
| Promotions, Boards, Classing             |                  | Bale     | 1.4       | 5.30       | 7.42      | 1.06     |
| Cottonseed                               | Seed/Lb Lint 1.2 | Ton      | 0.42      | 90.00      | -37.80    | -5.40    |

|                                       |  |                 |              |
|---------------------------------------|--|-----------------|--------------|
| <b>TOTAL VARIABLE COSTS</b>           |  | <b>\$380.10</b> | <b>54.30</b> |
| <b>NET RETURN ABOVE VARIABLE COST</b> |  | <b>\$32.90</b>  | <b>4.70</b>  |

|                       |                |      |          |       |       |      |
|-----------------------|----------------|------|----------|-------|-------|------|
| Tractors and Sprayer  |                | Acre | 1        | 38.00 | 38.00 | 5.43 |
| Equipment/Implements  |                | Acre | 1        | 13.00 | 13.00 | 1.86 |
| Picker and Boll Buggy |                | Acre | 1        | 60.00 | 60.00 | 8.57 |
| Owned Land Charge     |                | Acre | 1        | 0.00  | 0.00  | 0.00 |
| Misc Overhead         | % of Var Costs |      | \$380.10 | 5.0%  | 19.00 | 2.71 |
| Management            | % of Var Costs |      | \$380.10 | 5.0%  | 19.00 | 2.71 |

|                          |  |                  |               |
|--------------------------|--|------------------|---------------|
| <b>TOTAL FIXED COSTS</b> |  | <b>\$149.01</b>  | <b>21.29</b>  |
| <b>TOTAL COST</b>        |  | <b>\$529.11</b>  | <b>75.59</b>  |
| <b>NET RETURN</b>        |  | <b>-\$116.11</b> | <b>-16.59</b> |

**PER ACRE NET RETURN ABOVE VARIABLE COST AT VARIOUS YIELDS**

|                   | Cost/Ac * | Lbs Per Acre |          |                |         |          |
|-------------------|-----------|--------------|----------|----------------|---------|----------|
|                   |           | 600          | 650      | 700            | 750     | 800      |
| Costs 10% Lower   | \$303     | \$13.76      | \$40.18  | \$66.60        | \$93.02 | \$119.44 |
| Costs As Budgeted | \$337     | -\$19.94     | \$6.48   | <b>\$32.90</b> | \$59.32 | \$85.74  |
| Costs 10% Higher  | \$371     | -\$53.63     | -\$27.21 | -\$0.79        | \$25.63 | \$52.05  |

\* Excludes net ginning and warehousing. These costs added based on yield shown.

**BREAKEVEN YIELD REQUIRED TO COVER VARIABLE COSTS INCLUDING LAND RENT**

|                   | Cost/Ac * | Cash Rent Per Acre |         |         |         |         |
|-------------------|-----------|--------------------|---------|---------|---------|---------|
|                   |           | \$40.00            | \$50.00 | \$60.00 | \$70.00 | \$80.00 |
| Costs 10% Lower   | \$303     | 653                | 672     | 692     | 712     | 731     |
| Costs As Budgeted | \$337     | 716                | 736     | 756     | 776     | 795     |
| Costs 10% Higher  | \$371     | 780                | 800     | 820     | 839     | 859     |

\* Excluding rent if included in budget. Rent cost added as shown in table. Excludes net ginning and warehousing. These costs added based on BE yield level. BE yield does not consider Direct and Counter-Cyclical Payments.

**BUDGETING THIS WHOLE-FARM COTTON ENTERPRISE**

| Acres  |            | Yields                            |                 |
|--|------------|-----------------------------------|-----------------|
| Total Cotton Acres on The Farm:                                | 700.0      | 2007 Budgeted Yield               | 700.0           |
| Acres of This Cotton on the Farm:                              | 700.0      | Farm Direct Payment Yield:        | 650.0           |
| Farm Cotton Base Acres:  | 700.0      | Farm Counter-Cyclical Yield:      | 650.0           |
| DCP PAYMENT ACRES (85% BASE)                                   | 595.0      |                                   |                 |
| Prices and Payments  |            | Costs                             |                 |
| Expected US MYA Price:   | 56.00      | Budgeted Variable Costs Per Acre: | \$380.10        |
| 2007 Direct Payment (DP):                                      | 6.67       | Variable Costs Excluding Rent:    | 380.10          |
| Est. Counter-Cyclical Payment (CCP):                           | 9.73       | Land Rent:                        | 0.00            |
| THIS BUDGETED COTTON ENTERPRISE-- TOTAL FARM COSTS AND RETURNS |            |                                   |                 |
| <b>Acres:</b>  | <b>700</b> | <b>Per Acre</b>                   | <b>Total</b>    |
| Crop Income (Including LDP/POP/Loan Gain)                      |            | \$413.00                          | \$289,100       |
| Variable Costs (Excluding Rent)                                |            | \$380.10                          | \$266,067       |
| <b>NET RETURN BEFORE LAND RENT</b>                             |            | <b>\$32.90</b>                    | <b>\$23,033</b> |
| Land Rent  |            | \$0.00                            | \$0             |
| <b>NET RETURN ABOVE VARIABLE COSTS</b>                         |            | <b>\$32.90</b>                    | <b>\$23,033</b> |
| Direct Payment (DP)  |            | \$36.85 *                         | \$25,796        |
| Counter-Cyclical Payment (CCP)                                 |            | \$53.76 *                         | \$37,631        |
| <b>NET RETURN AFTER DCP PAYMENTS</b>                           |            | <b>\$123.51</b>                   | <b>\$86,460</b> |

\* DCP Payment per acre planted of this enterprise

Prepared By: Don Shurley and Amanda Ziehl  
 Department of Agricultural and Applied Economics  
 University of Georgia- Tifton

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