

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

Seed Technology:	RR	Row Spacing:	36
Tillage:	Strip-Till	Seed Per Foot:	2.50
Production:	Irrigated	Seed Per Bag or Lb:	250000

	Lbs/Acre	Price/Lb	Income/Ac	Cents/Lb
INCOME (Price including LDP or Loan Gain)	1000	0.59	\$590.00	59.00

VARIABLE COST		Unit	No. Units	Price/Unit	Cost/Acre	Cents/Lb
Land Rent		Acre	1	0.00	0.00	0.00
Cover Crop		Acre	1	0.00	0.00	0.00
Seed (Including Tech Fee and Treatments)						
Seeds Per Acre	36,300	Bag	0.145	290.00	42.11	4.21
Lime- Custom Spread		Ton	0.33	28.00	9.24	0.92
Fertilizers						
Nitrogen		Lbs	90	0.43	38.70	3.87
Phosphate (P2O5)		Lbs	60	0.31	18.60	1.86
Potash (K2O)		Lbs	90	0.23	20.70	2.07
Chicken Litter		Ton	0	18.00	0.00	0.00
Boron		Lbs	0.5	3.60	1.80	0.18
Others		Acre	1	0.00	0.00	0.00
Herbicides						
Pre-Plant OTT		Acre	1	11.00	11.00	1.10
At Planting or Pre-Emergence		Acre	1	0.00	0.00	0.00
Post-Emergence- OTT		Acre	1	14.50	14.50	1.45
Post-Emergence, Directed		Acre	1	10.50	10.50	1.05
Others		Acre	1	0.00	0.00	0.00
Insecticides						
In-Furrow		Lbs	3.5	3.10	10.85	1.09
Spray- Pyrethroid		Appl	2	5.00	10.00	1.00
Other Spray- Worms		Appl	1	11.00	11.00	1.10
Other Spray- Stinkbugs		Appl	1	4.50	4.50	0.45
Nematicide		Acre	1	0.00	0.00	0.00
PGR		Ounces	16	0.22	3.52	0.35
Boll Opener and Defoliant		Acre	1	17.00	17.00	1.70
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	0.50
Scouting		Acre	1	7.50	7.50	0.75
BWEP		Acre	1	2.75	2.75	0.28
Machinery and Equipment						
Fuel and Lube		Gal	11.50	2.20	25.30	2.53
Repairs and Maintenance		Acre	1	25.00	25.00	2.50
Custom Picking		Acre	1	0.00	0.00	0.00
Irrigation		Appl	7	8.50	59.50	5.95
Crop Insurance		Acre	1	10.00	10.00	1.00
Labor		Hrs	2.00	10.00	20.00	2.00
Interest on Operating	Months	6	\$379.07	0.50	8.0%	15.16
Ginning and Warehousing						
Ginning		Lbs	1000	0.085	85.00	8.50
Storage and Warehousing		Bale	2	10.00	20.00	2.00
Promotions, Boards, Classing		Bale	2	5.30	10.60	1.06
Cottonseed	Seed/Lb Lint	1.3	Ton	0.650	90.00	-58.50

TOTAL VARIABLE COSTS	\$451.33	45.13
NET RETURN ABOVE VARIABLE COST	\$138.67	13.87

Tractors and Sprayer		Acre	1	37.00	37.00	3.70
Equipment		Acre	1	10.00	10.00	1.00
Picker and Boll Buggy		Acre	1	61.00	61.00	6.10
Irrigation		Acre	1	90.00	90.00	9.00
Owned Land Charge		Acre	1	0.00	0.00	0.00
Misc Overhead	% of Var Costs		\$451.33	5%	22.57	2.26
Management	% of Var Costs		\$138.67	5%	6.93	0.69

TOTAL FIXED COSTS	\$227.50	22.75
TOTAL COST	\$678.83	67.88
NET RETURN	-\$88.83	-8.88

PER ACRE NET RETURN ABOVE VARIABLE COST AT VARIOUS YIELDS

	Cost/Ac *	Lbs Per Acre				
		900	950	1000	1050	1100
Costs 10% Lower	\$355	\$124.80	\$151.45	\$178.09	\$204.74	\$231.38
Costs As Budgeted	\$394	\$85.38	\$112.02	\$138.67	\$165.31	\$191.96
Costs 10% Higher	\$434	\$45.96	\$72.60	\$99.25	\$125.89	\$152.54

* 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				
		\$100.00	\$120.00	\$140.00	\$160.00	\$180.00
Costs 10% Lower	\$355	861	900	939	978	1,017
Costs As Budgeted	\$394	935	974	1,013	1,052	1,091
Costs 10% Higher	\$434	1,009	1,048	1,087	1,126	1,165

* 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	1000.0
Acres of This Cotton on the Farm:	700.0	Farm Direct Payment Yield:	900.0
Farm Cotton Base Acres:	700.0	Farm Counter-Cyclical Yield:	900.0
DCP PAYMENT ACRES (85% BASE):	595.0		
Prices and Payments		Costs	
Expected US MYA Price:	56.00	Budgeted Variable Costs Per Acre:	\$451.33
2007 Direct Payment (DP):	6.67	Variable Costs Excluding Rent:	451.33
Est. Counter-Cyclical Payment (CCP):	9.73	Land Rent:	0.00
THIS BUDGETED COTTON ENTERPRISE-- TOTAL FARM COSTS AND RETURNS			
Acres:	700	Per Acre	Total
Crop Income (Including LDP/POP/Loan Gain)		\$590.00	\$413,000
Variable Costs (Excluding Rent)		\$451.33	\$315,931
NET RETURN BEFORE LAND RENT		\$138.67	\$97,069
Land Rent		\$0.00	\$0
NET RETURN ABOVE VARIABLE COSTS		\$138.67	\$97,069
Direct Payment (DP)		\$51.03 *	\$35,718
Counter-Cyclical Payment (CCP)		\$74.43 *	\$52,104
NET RETURN AFTER DCP PAYMENTS		\$264.13	\$184,891

* DCP Payment per acre planted of this enterprise

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