

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

Seed Technology:	RR	Row Spacing:	36
Tillage:	Strip-Till	Seed Per Foot:	2.75
Production:	Non-Irrigated	Seed Per Bag or Lb:	250000

	Lbs/Acre	Price/Lb	Income/Ac	Cents/Lb
INCOME (Price including LDP or Loan Gain)	650	0.59	\$383.50	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	39,930	Bag	0.160	290.00	46.32	7.13	
Lime- Custom Spread		Ton	0.33	28.00	9.24	1.42	
Fertilizers							
Nitrogen		Lbs	70	0.43	30.10	4.63	
Phosphate (P2O5)		Lbs	50	0.31	15.50	2.38	
Potash (K2O)		Lbs	80	0.23	18.40	2.83	
Chicken Litter		Ton	0	18.00	0.00	0.00	
Boron		Lbs	0.5	3.60	1.80	0.28	
Others		Acre	1	0.00	0.00	0.00	
Herbicides							
Pre-Plant OTT		Acre	1	11.00	11.00	1.69	
At Planting or Pre-Emergence		Acre	1	0.00	0.00	0.00	
Post-Emergence- OTT		Acre	1	14.50	14.50	2.23	
Post-Emergence, Directed		Acre	1	10.50	10.50	1.62	
Others		Acre	1	0.00	0.00	0.00	
Insecticides							
In-Furrow		Lbs	3.5	3.10	10.85	1.67	
Spray- Pyrethroid		Appl	2	5.00	10.00	1.54	
Other Spray- Worms		Appl	1	11.00	11.00	1.69	
Other Spray- Stinkbugs		Appl	1	4.50	4.50	0.69	
Nematicide		Acre	1	0.00	0.00	0.00	
PGR		Ounces	16	0.22	3.52	0.54	
Boll Opener and Defoliant		Acre	1	14.00	14.00	2.15	
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	0.77	
Scouting		Acre	1	7.50	7.50	1.15	
BWEP		Acre	1	2.75	2.75	0.42	
Machinery and Equipment							
Fuel and Lube		Gal	11.30	2.20	24.86	3.82	
Repairs and Maintenance		Acre	1	24.50	24.50	3.77	
Custom Picking		Acre	1	0.00	0.00	0.00	
Crop Insurance		Acre	1	19.00	19.00	2.92	
Labor		Hrs	1.95	10.00	19.50	3.00	
Interest on Operating	Months	6	\$314.34	0.50	8.0%	12.57	1.93
Ginning and Warehousing							
Ginning		Lbs	650	0.085	55.25	8.50	
Storage and Warehousing		Bale	1.3	10.00	13.00	2.00	
Promotions, Boards, Classing		Bale	1.3	5.30	6.89	1.06	
Cottonseed	Seed/Lb Lint	1.3	Ton	0.423	90.00	-38.03	-5.85

TOTAL VARIABLE COSTS	\$364.03	56.00
NET RETURN ABOVE VARIABLE COST	\$19.47	3.00

Tractors and Sprayer	Acre	1	37.00	37.00	5.69
Equipment	Acre	1	10.00	10.00	1.54
Picker and Boll Buggy	Acre	1	60.00	60.00	9.23
Owned Land Charge	Acre	1	0.00	0.00	0.00
Misc Overhead	% of Var Costs	\$364.03	5.0%	18.20	2.80
Management	% of Var Costs	\$364.03	5.0%	18.20	2.80

TOTAL FIXED COSTS	143.40	22.06
TOTAL COST	507.43	78.07
NET RETURN	-123.93	-19.07

PER ACRE NET RETURN ABOVE VARIABLE COST AT VARIOUS YIELDS

	Cost/Ac *	Lbs Per Acre				
		550	600	650	700	750
Costs 10% Lower	\$294	-\$1.13	\$25.52	\$52.16	\$78.81	\$105.45
Costs As Budgeted	\$327	-\$33.82	-\$7.17	\$19.47	\$46.12	\$72.76
Costs 10% Higher	\$360	-\$66.51	-\$39.86	-\$13.22	\$13.43	\$40.07

* 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	\$294	630	650	669	689	708
Costs As Budgeted	\$327	692	711	731	750	770
Costs 10% Higher	\$360	753	772	792	811	831

* 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	650.0
Acres of This Cotton on the Farm:	700.0	Farm Direct Payment Yield:	600.0
Farm Cotton Base Acres:	700.0	Farm Counter-Cyclical Yield:	600.0
DCP PAYMENT ACRES (85% BASE):	595.0		
Prices and Payments		Costs	
Expected US MYA Price:	56.00	Budgeted Variable Costs Per Acre:	\$364.03
2007 Direct Payment (DP):	6.67	Variable Costs Excluding Rent:	364.03
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)		\$383.50	\$268,450
Variable Costs (Excluding Rent)		\$364.03	\$254,819
NET RETURN BEFORE LAND RENT		\$19.47	\$13,631
Land Rent		\$0.00	\$0
NET RETURN ABOVE VARIABLE COSTS		\$19.47	\$13,631
Direct Payment (DP)		\$34.02 *	\$23,812
Counter-Cyclical Payment (CCP)		\$49.62 *	\$34,736
NET RETURN AFTER DCP PAYMENTS		\$103.11	\$72,179

* 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

January 2007

Acknowledgements

Contribution from the following individuals is gratefully acknowledged:
 Ronnie Barrentine, Scott Brown, Steve M. Brown, R.J. Byrne, Stanley Culpepper, Will Duffie,
 Chuck Ellis, Glen Harris, Edd Harrison, Ray Hicks, Jeremy Kichler, Eddie McGriff,
 Tim Moore, Furman Peebles, Phillip Roberts, Bill Tyson, and Johnny Whiddon.