

**COTTON**  
**ESTIMATED PER ACRE COSTS AND RETURNS, SOUTH AND EAST GEORGIA, 2006**

<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>3.0</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	0.60	<b>\$420.00</b>	<b>60.00</b>

VARIABLE COST	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 43,560	Bag	0.174	400.00	69.70	9.96
Lime- Custom Spread	Ton	0.33	30.00	9.90	1.41
Fertilizers					
Nitrogen	Lbs	70	0.42	29.40	4.20
Phosphate (P2O5)	Lbs	50	0.28	14.00	2.00
Potash (K2O)	Lbs	80	0.24	19.20	2.74
Chicken Litter	Ton	0	0.00	0.00	0.00
Boron	Lbs	0.5	2.50	1.25	0.18
Others	Acre	1	0.00	0.00	0.00
Herbicides					
Pre-Plant, Incorporated	Acre	1	4.50	4.50	0.64
Post-Emergence, OTT	Acre	1	21.00	21.00	3.00
Post-Emergence, Directed	Acre	1	5.00	5.00	0.71
Others	Acre	1	0.00	0.00	0.00
Insecticides					
In-Furrow	Lbs	3.5	3.00	10.50	1.50
Spray- Pyrethroid	Appl	1	5.75	5.75	0.82
Spray- Other	Appl	2	4.45	8.90	1.27
Nematicide	Acre	1	0.00	0.00	0.00
PGR	Ounces	16	0.35	5.60	0.80
Boll Opener and Defoliant	Acre	1	18.00	18.00	2.57
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	8.00	8.00	1.14
BWEP	Acre	1	2.75	2.75	0.39
Machinery and Equipment					
Fuel and Lube	Gal	13.25	2.10	27.83	3.98
Repairs and Maintenance	Acre	1	26.00	26.00	3.71
Custom Picking	Acre	1	0.00	0.00	0.00
Crop Insurance	Acre	1	17.50	17.50	2.50
Labor	Hrs	2.35	10.00	23.50	3.36
Interest on Operating Capital	\$333.27	0.5	0.075	12.50	1.79
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
Minus Value of Cottonseed	Ton	0.455	80.00	-36.40	-5.20

<b>TOTAL VARIABLE COSTS</b>				<b>\$390.29</b>	<b>55.76</b>
<b>NET RETURN ABOVE VARIABLE COST</b>				<b>\$29.71</b>	<b>4.24</b>

Tractors and Sprayer	Acre	1	26.00	26.00	3.71
Equipment/Implements	Acre	1	15.00	15.00	2.14
Picker	Acre	1	56.00	56.00	8.00
Owned Land Charge	Acre	1	0.00	0.00	0.00
Misc Overhead	Acre	1	19.51	19.51	2.79
Management	Acre	1	19.51	19.51	2.79

<b>TOTAL FIXED COSTS</b>				<b>\$136.03</b>	<b>19.43</b>
<b>TOTAL COST</b>				<b>\$526.32</b>	<b>75.19</b>
<b>NET RETURN</b>				<b>-\$106.32</b>	<b>-15.19</b>

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

	Cost/Ac *	Lbs Per Acre				
		600	650	700	750	800
Costs 10% Lower	\$311	\$10.65	\$37.47	\$64.29	\$91.11	\$117.93
Costs As Budgeted	\$346	-\$23.93	\$2.89	<b>\$29.71</b>	\$56.53	\$83.35
Costs 10% Higher	\$380	-\$58.51	-\$31.69	-\$4.87	\$21.95	\$48.77

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

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

	Cost/Ac *	Cash Rent Per Acre				
		\$45.00	\$55.00	\$65.00	\$75.00	\$85.00
Costs 10% Lower	\$311	667	687	706	725	745
Costs As Budgeted	\$346	732	751	770	790	809
Costs 10% Higher	\$380	796	815	835	854	873

\* 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	2006 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 MYA Price:	55.00	Budgeted Variable Costs Per Acre:	\$390.29
2006 Direct Payment (DP):	6.67	Variable Costs Excluding Rent:	390.29
Est. Counter-Cyclical Payment (CCP):	10.73	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)		\$420.00	\$294,000
Variable Costs (Excluding Rent)		\$390.29	\$273,202
<b>NET RETURN BEFORE LAND RENT</b>		<b>\$29.71</b>	<b>\$20,798</b>
Land Rent		\$0.00	\$0
<b>NET RETURN ABOVE VARIABLE COSTS</b>		<b>\$29.71</b>	<b>\$20,798</b>
Direct Payment (DP)		\$36.85 *	\$25,796
Counter-Cyclical Payment (CCP)		\$59.28 *	\$41,498
<b>NET RETURN AFTER DCP PAYMENTS</b>		<b>\$125.85</b>	<b>\$88,093</b>

\* DCP Payment per acre planted of this enterprise

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