

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

Seed Technology:	RR	Row Spacing:	36
Tillage:	Conventional	Seed Per Foot:	2.5
Production:	Irrigated	Seed Per Bag or Lb:	250000

	Lbs/Acre	Price/Lb	Income/Ac	Cents/Lb
INCOME (Price including LDP or Loan Gain)	1000	0.60	\$600.00	60.00

		Unit	No. Units	Price/Unit	Cost/Acre		Cents/Lb
VARIABLE COST							
Land Rent	Acre		1	0.00	0.00		0.00
Seed (Including Tech Fee and Treatments)							
Seeds Per Acre	36,300	Bag	0.145	280.00	40.66		4.07
Lime- Custom Spread		Ton	0.33	30.00	9.90		0.99
Fertilizers							
Nitrogen		Lbs	90	0.42	37.80		3.78
Phosphate (P2O5)		Lbs	60	0.28	16.80		1.68
Potash (K2O)		Lbs	90	0.24	21.60		2.16
Chicken Litter		Ton	0	0.00	0.00		0.00
Boron		Lbs	0.5	2.50	1.25		0.13
Others		Acre	1	0.00	0.00		0.00
Herbicides							
Pre-Plant, Incorporated		Acre	1	4.50	4.50		0.45
Post-Emergence, OTT		Acre	1	21.00	21.00		2.10
Post-Emergence, Directed		Acre	1	5.00	5.00		0.50
Others		Acre	1	0.00	0.00		0.00
Insecticides							
In-Furrow		Lbs	3.5	3.00	10.50		1.05
Spray- Pyrethroid		Appl	2	5.75	11.50		1.15
Spray- Other		Appl	2	9.00	18.00		1.80
Nematicide		Acre	1	0.00	0.00		0.00
PGR		Ounces	32	0.35	11.20		1.12
Boll Opener and Defoliant		Acre	1	20.00	20.00		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		0.50
Scouting		Acre	1	8.00	8.00		0.80
BWEP		Acre	1	2.75	2.75		0.28
Machinery and Equipment							
Fuel and Lube		Gal	13.70	2.10	28.77		2.88
Repairs and Maintenance		Acre	1	29.00	29.00		2.90
Custom Picking		Acre	0	0.00	0.00		0.00
Irrigation		Appl	8	8.50	68.00		6.80
Crop Insurance		Acre	1	11.50	11.50		1.15
Labor		Hrs	2.45	10.00	24.50		2.45
Interest on Operating Capital	\$407.23		0.5	0.075	15.27		1.53
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
Minus Value of Cottonseed		Ton	0.65	80.00	-52.00		-5.20
TOTAL VARIABLE COSTS					\$486.10		48.61
NET RETURN ABOVE VARIABLE COST					\$113.90		11.39

Tractors and Sprayer	Acre		1	29.00	29.00		2.90
Equipment	Acre		1	16.00	16.00		1.60
Picker	Acre		1	56.00	56.00		5.60
Irrigation	Acre		1	85.00	85.00		8.50
Owned Land Charge	Acre		1	0.00	0.00		0.00
Misc Overhead	Acre		1	24.30	24.30		2.43
Management	Acre		1	24.30	24.30		2.43

TOTAL FIXED COSTS		\$234.61	23.46
TOTAL COST		\$720.71	72.07
NET RETURN		-\$120.71	-12.07

PER ACRE NET RETURN ABOVE VARIABLE COST AT VARIOUS YIELDS

	Cost/Ac *	Lbs Per Acre				
		900	950	1000	1050	1100
Costs 10% Lower	\$380	\$102.51	\$129.33	\$156.15	\$182.97	\$209.79
Costs As Budgeted	\$422	\$60.26	\$87.08	\$113.90	\$140.72	\$167.54
Costs 10% Higher	\$465	\$18.01	\$44.83	\$71.65	\$98.47	\$125.29

* 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				
		\$95.00	\$115.00	\$135.00	\$155.00	\$175.00
Costs 10% Lower	\$380	893	931	970	1,009	1,047
Costs As Budgeted	\$422	971	1,010	1,049	1,087	1,126
Costs 10% Higher	\$465	1,050	1,089	1,128	1,166	1,205

* 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	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 MYA Price:	55.00	Budgeted Variable Costs Per Acre:	\$486.10
2006 Direct Payment (DP):	6.67	Variable Costs Excluding Rent:	486.10
Est. Counter-Cyclical Payment (CCP):	10.73	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)		\$600.00	\$420,000
Variable Costs (Excluding Rent)		\$486.10	\$340,268
NET RETURN BEFORE LAND RENT		\$113.90	\$79,732
Land Rent		\$0.00	\$0
NET RETURN ABOVE VARIABLE COSTS		\$113.90	\$79,732
Direct Payment (DP)		\$51.03 *	\$35,718
Counter-Cyclical Payment (CCP)		\$82.08 *	\$57,459
NET RETURN AFTER DCP PAYMENTS		\$247.01	\$172,909

* DCP Payment per acre planted of this enterprise

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