

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

Seed Technology:	RR	Row Spacing:	36
Tillage:	Conventional	Seed Per Foot:	3.0
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	0.60	\$390.00	60.00

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	280.00	48.79	7.51
Lime- Custom Spread	Ton	0.33	30.00	9.90	1.52
Fertilizers					
Nitrogen	Lbs	70	0.42	29.40	4.52
Phosphate (P2O5)	Lbs	50	0.28	14.00	2.15
Potash (K2O)	Lbs	80	0.24	19.20	2.95
Chicken Litter	Ton	0	0.00	0.00	0.00
Boron	Lbs	0.5	2.50	1.25	0.19
Others	Acre	1	0.00	0.00	0.00
Herbicides					
Pre-Plant, Incorporated	Acre	1	4.50	4.50	0.69
Post-Emergence, OTT	Acre	1	21.00	21.00	3.23
Post-Emergence, Directed	Acre	1	5.00	5.00	0.77
Others	Acre	1	0.00	0.00	0.00
Insecticides					
In-Furrow	Lbs	3.5	3.00	10.50	1.62
Spray- Pyrethroid	Appl	2	5.75	11.50	1.77
Spray- Other	Appl	2	9.00	18.00	2.77
Nematicide	Acre	1	0.00	0.00	0.00
PGR	Ounces	16	0.35	5.60	0.86
Boll Opener and Defoliant	Acre	1	18.00	18.00	2.77
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	8.00	8.00	1.23
BWEP	Acre	1	2.75	2.75	0.42
Machinery and Equipment					
Fuel and Lube	Gal	13.30	2.10	27.93	4.30
Repairs and Maintenance	Acre	1	26.00	26.00	4.00
Custom Picking	Acre	1	0.00	0.00	0.00
Crop Insurance	Acre	1	17.50	17.50	2.69
Labor	Hrs	2.35	10.00	23.50	3.62
Interest on Operating Capital	\$327.32	0.5	0.075	12.27	1.89
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
Minus Value of Cottonseed	Ton	0.4225	80.00	-33.80	-5.20

TOTAL VARIABLE COSTS	\$380.93	58.60
NET RETURN ABOVE VARIABLE COST	\$9.07	1.40

Tractors and Sprayer	Acre	1	26.00	26.00	4.00
Equipment/Implements	Acre	1	15.00	15.00	2.31
Picker	Acre	1	56.00	56.00	8.62
Owned Land Charge	Acre	1	0.00	0.00	0.00
Misc Overhead	Acre	1	19.05	19.05	2.93
Management	Acre	1	19.05	19.05	2.93

TOTAL FIXED COSTS	\$135.09	20.78
TOTAL COST	\$516.02	79.39
NET RETURN	-\$126.02	-19.39

PER ACRE NET RETURN ABOVE VARIABLE COST AT VARIOUS YIELDS

	Cost/Ac *	Lbs Per Acre				
		550	600	650	700	750
Costs 10% Lower	\$306	-\$10.61	\$16.21	\$43.03	\$69.85	\$96.67
Costs As Budgeted	\$340	-\$44.57	-\$17.75	\$9.07	\$35.89	\$62.71
Costs 10% Higher	\$374	-\$78.53	-\$51.71	-\$24.89	\$1.93	\$28.75

* 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	\$306	657	676	696	715	734
Costs As Budgeted	\$340	720	739	759	778	797
Costs 10% Higher	\$374	783	803	822	841	861

* 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	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 MYA Price:	55.00	Budgeted Variable Costs Per Acre:	\$380.93
2006 Direct Payment (DP):	6.67	Variable Costs Excluding Rent:	380.93
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)		\$390.00	\$273,000
Variable Costs (Excluding Rent)		\$380.93	\$266,652
NET RETURN BEFORE LAND RENT		\$9.07	\$6,348
Land Rent		\$0.00	\$0
NET RETURN ABOVE VARIABLE COSTS		\$9.07	\$6,348
Direct Payment (DP)		\$34.02 *	\$23,812
Counter-Cyclical Payment (CCP)		\$54.72 *	\$38,306
NET RETURN AFTER DCP PAYMENTS		\$97.81	\$68,466

* DCP Payment per acre planted of this enterprise

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February 2006

Acknowledgements

Contribution from the following individuals is gratefully acknowledged:
 Ronnie Barrentine, Steve M. Brown, Forrest Connelly, Stanley Culpepper, Will Duffie,
 Chuck Ellis, Tim Flanders, Glen Harris, Edd Harrison, Ray Hicks, Phil Jost, Richard McDaniel,
 Phillip Roberts, Scott Utley, and Johnny Whiddon.