

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

Seed Technology:	RR	Row Spacing:	36
Tillage:	Strip-Till	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

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	280.00	40.66
Seeds Per Lb				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 OTT	Acre	1	8.75	8.75	0.88
At Planting or Pre-Emergence	Acre	1	4.50	4.50	0.45
Post-Emergence- OTT	Acre	1	21.00	21.00	2.10
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	11.35	2.10	23.84	2.38
Repairs and Maintenance	Acre	1	27.75	27.75	2.78
Custom Picking	Acre	0	0.00	0.00	0.00
Irrigation	Appl	7	8.50	59.50	5.95
Crop Insurance	Acre	1	11.50	11.50	1.15
Labor	Hrs	2.10	10.00	21.00	2.10
Interest on Operating Capital	\$397.79	0.5	0.075	14.92	1.49
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	\$476.31	47.63
NET RETURN ABOVE VARIABLE COST	\$123.69	12.37

Tractors and Sprayer	Acre	1	26.00	26.00	2.60
Equipment	Acre	1	11.00	11.00	1.10
Picker	Acre	1	55.00	55.00	5.50
Irrigation	Acre	1	85.00	85.00	8.50
Owned Land Charge	Acre	1	0.00	0.00	0.00
Misc Overhead	Acre	1	23.82	23.82	2.38
Management	Acre	1	23.82	23.82	2.38

TOTAL FIXED COSTS	\$224.63	22.46
TOTAL COST	\$700.94	70.09
NET RETURN	-\$100.94	-10.09

PER ACRE NET RETURN ABOVE VARIABLE COST AT VARIOUS YIELDS

	Cost/Ac *	Lbs Per Acre				
		900	950	1000	1050	1100
Costs 10% Lower	\$371	\$111.32	\$138.14	\$164.96	\$191.78	\$218.60
Costs As Budgeted	\$413	\$70.05	\$96.87	\$123.69	\$150.51	\$177.33
Costs 10% Higher	\$454	\$28.78	\$55.60	\$82.42	\$109.24	\$136.06

* 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	\$371	876	915	954	992	1,031
Costs As Budgeted	\$413	953	992	1,031	1,069	1,108
Costs 10% Higher	\$454	1,030	1,069	1,107	1,146	1,185

* 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:	\$476.31
2006 Direct Payment (DP):	6.67	Variable Costs Excluding Rent:	476.31
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)		\$476.31	\$333,416
NET RETURN BEFORE LAND RENT		\$123.69	\$86,584
Land Rent		\$0.00	\$0
NET RETURN ABOVE VARIABLE COSTS		\$123.69	\$86,584
Direct Payment (DP)		\$51.03 *	\$35,718
Counter-Cyclical Payment (CCP)		\$82.08 *	\$57,459
NET RETURN AFTER DCP PAYMENTS		\$256.80	\$179,761

* DCP Payment per acre planted of this enterprise

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