

Impacts of Changes in Cost Of Production on Texas Coastal Bend Crop, Hay and Livestock

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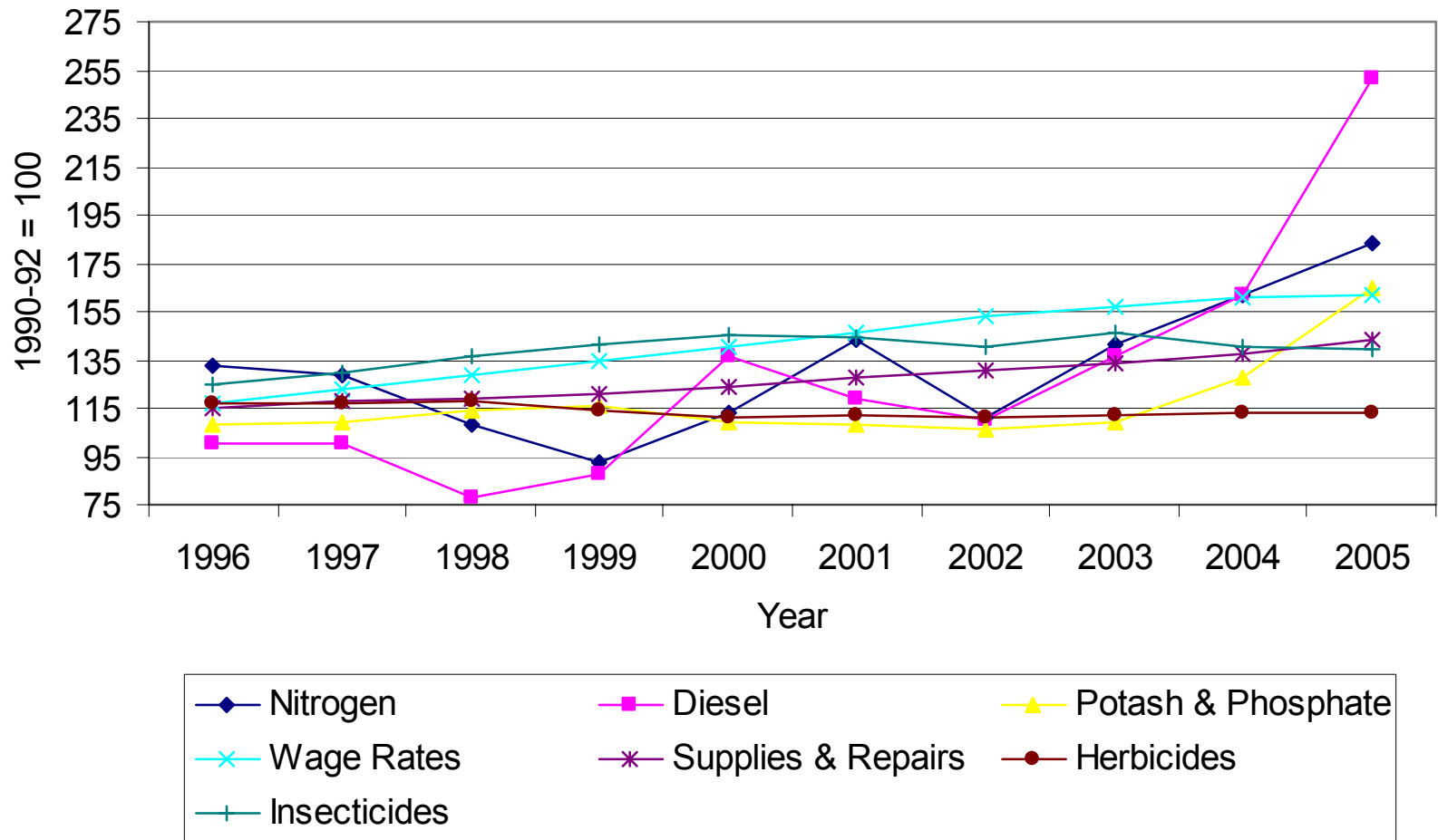
Presented by: Larry Falconer – Extension Economist



Impacts of Changes in Cost Of Production on Texas Coastal Bend Crop, Hay and Livestock

- ◆ Discuss long term trends in NASS input price indices
- ◆ Discuss changes in projected rice, grain sorghum, cotton, hay and cow-calf cost of production estimates
- ◆ Discuss possible Extension programming responses to these impacts

Prices Paid Indices by Sub-Component



Source: USDA-NASS Agricultural Prices, various months

**ESTIMATED EXPENSES - MAIN CROP RICE - WEST OF HOUSTON
6,600 POUND YIELD GOAL**

DIRECT EXPENSES		2004		2006
ADJUVANTS	\$	7.00	\$	7.00
CUSTOM FERTILIZE	\$	21.25	\$	20.45
CUSTOM SPRAY	\$	36.13	\$	36.38
FERTILIZERS	\$	77.87	\$	96.93
FUNGICIDES	\$	19.35	\$	25.10
HERBICIDES	\$	60.67	\$	68.85
INSECTICIDES	\$	14.38	\$	18.45
IRRIGATION SUPPLIES	\$	9.25	\$	10.35
SEED	\$	18.90	\$	24.30
SURVEY LEVEES	\$	4.00	\$	5.00
CROP INSURANCE-RICE	\$	6.75	\$	6.75
IRRIGATION	\$	73.73	\$	83.26
CHECKOFF/COMMISSION	\$	10.56	\$	10.56
DRYING - RICE	\$	79.65	\$	87.24
RICE HAULING	\$	21.24	\$	22.76
STORAGE - RICE	\$	21.12	\$	21.12
SERVICE FEES	\$	20.00	\$	20.00
VEHICLES	\$	12.00	\$	16.17
OPERATOR LABOR	\$	14.66	\$	15.31
RICE WATER LABOR	\$	16.87	\$	17.68
DIESEL FUEL	\$	12.02	\$	27.87
REPAIR & MAINTENANCE	\$	32.73	\$	31.84
INTEREST ON OP. CAPITAL	\$	21.91	\$	31.67
TOTAL DIRECT EXPENSES	\$	612.04	\$	705.04
TOTAL FIXED EXPENSES	\$	61.13	\$	83.56

ESTIMATED EXPENSES - RATOON CROP RICE - WEST OF HOUSTON
1,600 POUND YIELD GOAL

DIRECT EXPENSES

CUSTOM FERTILIZE	\$	5.25	\$	6.80
CUSTOM SPRAY	\$	5.75	\$	5.75
FERTILIZERS	\$	17.40	\$	25.69
INSECTICIDES	\$	3.48	\$	3.63
IRRIGATION	\$	10.96	\$	26.75
CHECKOFF/COMMISSION	\$	2.56	\$	2.56
DRYING - RICE	\$	20.24	\$	22.17
RICE HAULING	\$	5.40	\$	5.78
STORAGE - RICE	\$	5.12	\$	5.12
OPERATOR LABOR	\$	3.77	\$	3.95
RICE WATER LABOR	\$	7.64	\$	8.00
DIESEL FUEL	\$	2.63	\$	6.12
REPAIR & MAINTENANCE	\$	10.43	\$	9.76
INTEREST ON OP. CAP.	\$	1.84	\$	3.08
TOTAL DIRECT EXPENSES	\$	102.47	\$	135.16
TOTAL FIXED EXPENSES	\$	16.25	\$	18.19

Sorghum-Conventional Till-12 Row-Irrigated 6500# Yield Goal, Texas Coastal Bend

DIRECT EXPENSES		2004		2006
Custom	\$	4.00	\$	3.50
Herbicides	\$	17.46	\$	17.74
Insecticides	\$	3.46	\$	2.85
Seed	\$	15.90	\$	15.90
Fertilizer	\$	45.75	\$	54.50
Hauling and Handling	\$	13.32	\$	21.98
Other	\$	7.74	\$	8.44
OPERATOR LABOR	\$	7.00	\$	7.00
DIESEL FUEL	\$	18.93	\$	46.47
REPAIR & MAINTENANCE	\$	32.64	\$	32.64
INTEREST ON OP. CAP.	\$	4.82	\$	7.41
TOTAL DIRECT EXPENSES	\$	171.02	\$	218.43
TOTAL FIXED EXPENSES	\$	109.64	\$	118.73

Cotton-Conventional Till-12 Row-Irrigated 1350# Yield Goal, Texas Coastal Bend

DIRECT EXPENSES	2004	2006
Custom	\$ 246.40	\$ 245.90
Herbicides	\$ 32.96	\$ 39.74
Insecticides	\$ 31.94	\$ 31.22
Seed	\$ 27.58	\$ 27.58
Fertilizer	\$ 45.75	\$ 54.50
Other	\$ 16.70	\$ 17.47
Growth Regulators	\$ 5.74	\$ 2.45
OPERATOR LABOR	\$ 5.28	\$ 5.99
DIESEL FUEL	\$ 16.95	\$ 57.52
REPAIR & MAINTENANCE	\$ 25.40	\$ 26.29
INTEREST ON OP. CAP.	\$ 12.30	\$ 16.80
TOTAL DIRECT EXPENSES	\$ 467.00	\$ 525.46
TOTAL FIXED EXPENSES	\$ 98.24	\$ 106.52

Sorghum-Conventional Till-12 Row-Dryland 4000# Yield Goal, Texas Coastal Bend

DIRECT EXPENSES	2004	2006
Custom	\$ 4.00	\$ 3.50
Herbicides	\$ 17.46	\$ 17.74
Insecticides	\$ 3.46	\$ 2.85
Seed	\$ 15.90	\$ 15.90
Fertilizer	\$ 27.00	\$ 32.25
Hauling and Handling	\$ 8.88	\$ 14.65
Other	\$ 7.74	\$ 8.44
OPERATOR LABOR	\$ 5.60	\$ 5.60
DIESEL FUEL	\$ 6.22	\$ 15.26
REPAIR & MAINTENANCE	\$ 17.95	\$ 17.95
INTEREST ON OP. CAP.	\$ 3.26	\$ 4.55
TOTAL DIRECT EXPENSES	\$ 117.47	\$ 138.69
FIXED EXPENSES	\$ 27.36	\$ 29.12

Cotton-Conventional Till-12 Row-Dryland 800# Yield Goal, Texas Coastal Bend

DIRECT EXPENSES

	2004	2006
Custom	\$ 148.00	\$ 147.50
Herbicides	\$ 32.96	\$ 39.74
Insecticides	\$ 31.94	\$ 31.22
Seed	\$ 27.58	\$ 27.58
Fertilizer	\$ 27.00	\$ 35.55
Other	\$ 16.70	\$ 12.79
Growth Regulators	\$ 4.10	\$ 1.75
OPERATOR LABOR	\$ 3.88	\$ 3.88
DIESEL FUEL	\$ 4.24	\$ 10.40
REPAIR & MAINTENANCE	\$ 10.71	\$ 10.71
INTEREST ON OP. CAP.	\$ 8.35	\$ 10.57
TOTAL DIRECT EXPENSES	\$ 315.46	\$ 331.69
TOTAL FIXED EXPENSES	\$ 15.96	\$ 16.91

Coastal Bermudagrass - Hay & Grazing - Three Cuttings, Texas Coastal Bend

DIRECT EXPENSES	2004	2006
CUSTOM	\$ 10.70	\$ 10.70
FERTILIZER	\$ 56.24	\$ 97.92
HERBICIDE	\$ 2.82	\$ 2.96
OTHER	\$ 2.50	\$ 2.50
OPERATOR LABOR	\$ 29.61	\$ 29.61
DIESEL FUEL	\$ 13.98	\$ 28.14
REPAIR & MAINTENANCE	\$ 21.09	\$ 21.09
INTEREST ON OP. CAP.	\$ 4.39	\$ 7.90
TOTAL DIRECT EXPENSES	\$ 141.33	\$ 200.82
TOTAL FIXED EXPENSES	\$ 35.49	\$ 38.79
TOTAL SPECIFIED EXPENSES	\$ 176.82	\$ 239.61

Estimated Cow-Calf Enterprise Costs

100 cow herd- Texas Coastal Bend

DIRECT EXPENSES	2004	2006
CUSTOM	\$ 0.04	\$ 0.04
FEED	\$ 123.09	\$ 126.24
FERTILIZER	\$ 0.17	\$ 0.29
HERBICIDE	\$ 0.05	\$ 0.05
MARKET/GRADE	\$ 1.02	\$ 1.02
SALT AND MINERALS	\$ 15.04	\$ 15.04
VETERINARY MEDICINE	\$ 19.04	\$ 19.04
HEALTH MANAGEMENT	\$ 8.38	\$ 8.38
DAY LABOR	\$ 4.80	\$ 4.80
OPERATOR LABOR	\$ 5.64	\$ 5.64
OWNER LABOR	\$ 26.73	\$ 26.73
DIESEL FUEL	\$ 2.68	\$ 5.36
GASOLINE	\$ 3.22	\$ 5.58
REPAIR & MAINTENANCE	\$ 5.75	\$ 5.75
INTEREST ON OP. CAP.	\$ 10.69	\$ 15.74
TOTAL DIRECT EXPENSES	\$ 226.34	\$ 239.70
TOTAL FIXED EXPENSES	\$ 167.86	\$ 176.10

Extension Programming Responses - Economics

- ◆ Increasing requests for economics analysis of reduced/minimum tillage.
- ◆ Economic analysis of alternative fertilization programs.
- ◆ Landlord/tenant education programs on relative contribution of land as percentage of total production costs.

Conclusion

- ◆ Current row crop share lease arrangements are under pressure in Texas Coastal Bend
- ◆ Rice planted acreage in Texas will be off considerably.
- ◆ Hay harvested acreage will decline sharply as well in the Texas Coastal Bend.
- ◆ Increased interest in economic analysis by producers.