

Prices for Crop and Livestock Cost-Return Budgets

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The following prices and input costs have been assembled to facilitate forward planning for the farm business. Table 1 outlines the short-run (one year) planning prices used for the cost-return budgets in this Farm Management Guide series. Corn and grain sorghum feed price projections were based on the Kansas Agricultural Statistics price series and include a buy/sell markup of \$0.30 per bushel. They are projections for 2009.

Oil sunflower crop price projections are for prices at harvest (October) at Goodland for 2009. Soybean meal (48% protein) 2009 price projections are for Kansas City and include a markup of \$25.00 per ton.

Beef calf price projections are Dodge City prices for October, 2009, while feeder cattle projections are Dodge City prices for April 2009. Market cattle and cull cow price projections are for Dodge City in 2009. Market hog projections are for the U.S. average carcass, multiplied by 0.74, in 2009. Cull sow prices are for Kansas locations in 2009 and are based off of projected market hog prices. Each of

these price projections, except for sunflowers, was based on the relevant futures closing prices on October 15, 2008 and then adjusted for historical basis over 2003-2008. Sunflower price projections were based on a regression model using soybean meal and soybean oil futures prices. Sheep price projections were taken to be the August 2008 prices obtained from USDA.

Milk prices are for Kansas in 2009 and are based on the Class III futures market prices on October 15, 2008 adjusted for historical basis. The base cash price used is the Kansas mailbox price as reported by the Central Federal Milk Order No. 32.

Hay price projections in Table 1 are the May through July, 2008 average Kansas Agricultural Statistics prices for alfalfa and other hay. Brome hay is \$5 per ton above other hay and prairie hay is \$5 per ton below. Cane hay prices were determined from sorghum (cane) silage prices, which were based on corn silage prices, which were based on corn

Table 1. Prices for Short-Run Planning (2009)

Crop or Feed			Livestock		
Crop or Feed	Crop Price	Feed Price	Species	Weight (lbs)	Price
Wheat (bu)	a	-----	Steer calf (fall)	450	\$126.45
Grain sorghum (bu)	a	\$4.30	Steer calf (fall)	550	113.69
Grain sorghum (cwt)	a	7.68	Steer calf (spring)	550	120.87
Corn (bu)	a	4.53	Feeder steer (spring)	650	109.56
Soybeans (bu)	a	-----	Feeder steer (spring)	750	101.43
Sunflowers-oil (cwt)	\$17.06	-----	Feeder steer (spring)	850	92.38
Alfalfa hay (ton)	119.67	119.67	Market steer (annual)	1,225	93.34
Brome hay (ton)	91.33	91.33	Heifer calf (fall)	450	113.76
Prairie/fescue hay (ton)	81.33	81.33	Heifer calf (fall)	550	104.33
Cane hay (ton)	b	77.34	Feeder heifer (spring)	650	99.27
Corn silage (ton)	b	36.25	Feeder heifer (spring)	750	93.61
Sorghum silage (ton)	b	29.00	Market heifer (annual)	1,175	93.34
SBM, 48% (ton)	-----	292.49	Cull cow (annual)	1,050	57.90
Salt (cwt)	-----	6.40	Market hog (annual)	265	48.27
Mineral-vitamins (cwt)	-----	26.00	Cull sow (annual)	425	38.18
			Market lamb (annual)	120	95.00
			Feeder lamb (annual)	60	97.00
			Cull ewe (annual)	100	36.00
			Dairy replacement heifer (annual)	1,250	1,950.00
			Milk (annual gross price)	100	16.57

^a See Table 3 for location-specific prices.

^b Crop prices for corn silage, sorghum (cane) silage, and cane hay are based on location-specific grain prices in Table 3. \$/T corn silage = 8 × \$/bu corn price. \$/T sorghum silage = 0.8 × \$/T corn silage. \$/T cane hay = (8/3) × \$/T sorghum silage.

grain prices. Mineral and salt prices were based on recent price quotes.

Long-run planning prices are shown in Table 2 and are for years 2009-2013. Commodities that have futures-based counterparts in Table 1 used a weighted average of short-run price projections and historical cash prices to determine their long-run expected values. Similarly, for other commodities, the expected price for 2009-2013 was comprised of the 2009 projection in Table 1 (weighted by 0.2), along with an historical average price (weighted by 0.8). Non-livestock historical averages were from the 2003-2007 period whereas the livestock historical price series were from 1998-2007.

Table 3 outlines the location-specific projections of harvest time crop prices (wheat: July; corn, grain sorghum,

and soybeans: October). Short-run price projections are for harvest 2009, and based on October 15, 2008 deferred futures prices as well as historical basis over the 2003-2008 period. Long-run price projections are for the average harvest time prices for the 2009 to 2013 period. These long-run crop prices were based on a weighted average of short run price projections and historical cash prices. For more information on how deferred futures prices, basis, and historical cash prices are used in projecting short and long-run prices, see MF-2226 *Prices for Crop Cost Return Budgets*. Table 4 outlines the input costs used for the crop cost-return budgets in this handbook. Input costs were based on a survey of several input suppliers across Kansas.

Table 2. Prices for Long-Run Planning (2009-2013)

Item		
Crop or Feed	Crop Price	Feed Price
Wheat (bu)	a	-----
Grain sorghum (bu)	a	\$3.00
Grain sorghum (cwt)	a	5.35
Corn (bu)	a	3.23
Soybeans (bu)	a	-----
Sunflowers, oil (cwt)	13.33	-----
Alfalfa hay (ton)	94.88	94.88
Brome hay (ton)	70.83	70.83
Prairie/fescue hay (ton)	64.83	64.83
Cane hay (ton)	b	55.21
Corn silage (ton)	b	25.88
Sorghum silage (ton)	b	20.70
SBM, 48% (ton)	-----	235.24
Salt (cwt)	-----	6.40
Mineral (cwt)	-----	26.00
	Weight (lbs)	Livestock Price
Beef		
Steer calf (fall)	450	117.69
Steer calf (fall)	550	104.93
Steer calf (spring)	550	115.32
Feeder steer (spring)	650	104.01
Feeder steer (spring)	750	95.87
Feeder steer (spring)	850	86.83
Market steer (annual)	1,225	81.20
Heifer calf (fall)	450	105.00
Heifer calf (fall)	550	95.57
Feeder heifer (spring)	650	93.72
Feeder heifer (spring)	750	88.06
Market heifer (annual)	1,175	81.20
Cull cow (annual)	1,050	45.76
Swine		
Market hog (annual)	265	43.87
Cull sow (annual)	425	33.79
Sheep		
Market lamb (annual)	120	94.50
Feeder lamb (annual)	60	107.75
Cull ewe (annual)	100	39.75
Dairy		
Milk (annual gross price)	100	15.38
Replacement heifer (per head)	1	1,880.00

^a See Table 3 for location-specific prices

^b See footnote in Table 1 for procedures for projecting corn silage, sorghum silage, and cane hay prices.

Table 3. Location-Specific Crop Prices for Short-Run and Long-Run Planning by Kansas Farm Management Association Region

	2009 Harvest Price Projections, \$/bu (short-run)				2009-2013 Avg Harvest Price Projections, \$/bu (long-run)			
	Wheat	Corn	Milo	Soybeans	Wheat	Corn	Milo	Soybeans
Northwest & Southwest								
Scott City	\$5.86	\$4.44	\$4.10	\$8.39	\$5.02	\$3.36	\$3.02	\$7.36
North Central								
Beloit	5.98	4.15	4.13	8.38	5.14	3.06	3.04	7.36
South Central								
Hutchinson	6.03	4.29	4.18	8.50	5.19	3.20	3.10	7.48
Northeast								
Topeka	6.24	4.21	4.33	8.69	5.40	3.13	3.24	7.66
Southeast								
Emporia	5.94	4.19	4.39	8.87	5.11	3.11	3.31	7.84

Table 4. Input Costs for Forward Planning (MF Series)

<u>Seed Item</u>	<u>Cost</u>	<u>Unit</u>
Alfalfa	\$4.20	Lb.
Brome hay	2.50	Lb.
Canola (Roundup Ready)	3.60	Lb.
Corn	1.69	1,000 Seeds
Corn (Gaucho treated)	2.61	1,000 Seeds
Corn (Bt)	2.24	1,000 Seeds
Corn (Roundup Ready)	2.26	1,000 Seeds
Cotton (Roundup Ready)	0.63	1,000 Seeds
Dry Edible Beans	0.48	Lb.
Grain sorghum	1.47	Lb.
Grain sorghum (Concep treated)	1.68	Lb.
Grain sorghum (Gaucho treated)	2.95	Lb.
Grain sorghum (Concep/Gaucho treated)	3.17	Lb.
Fescue hay	2.00	Lb.
Forage sorghum	0.86	Lb.
Soybeans	0.41	Lb.
Soybeans (Roundup Ready)	0.76	Lb.
Soybeans (STS)	0.76	Lb.
Soybeans (Roundup Ready/STS)	0.77	Lb.
Sunflowers-Confectionary	1.27	1,000 Seeds
Sunflowers-Oil	0.91	1,000 Seeds
Wheat (certified) ^a	0.30	Lb.
<u>Input Item</u>	<u>Cost</u>	<u>Unit</u>
N (Anhydrous) – Actual Ingredient (based on 82-0-0)	\$0.57	Lb.
N (Dry) – Actual Ingredient (based on 46-0-0)	0.90	Lb.
N (Liquid) – Actual Ingredient (based on 28-0-0 and 32-0-0)	0.80	Lb.
P (Dry) – Actual Ingredient (based on 18-46-0 and 11-52-0)	0.90	Lb.
P (Liquid) – Actual Ingredient (based on 10-34-0)	1.28	Lb.
K – Actual Ingredient (based on 0-0-60)	0.62	Lb.
Lime (cost/lb includes application)	0.01	Lb.
Labor	\$13.00	Hour
Interest (operating)	8.0	%

^a Wheat seed in budget = (Certified price x 60 x 25% + (location-specific cash price + \$1.07) x 25% + (location-specific cash price + \$0.54) x 50%)/60. The \$1.07 is the cost per bushel for cleaning and treating seed and the \$0.54 is the cost per bushel of cleaning only.

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