

## Crop Cost and Return Projections for 2010: Alfalfa Continues to Look Profitable!

by Bill Lazarus, University of Minnesota

A new spreadsheet with projected 2010 Minnesota crop enterprise budgets is available to help producers analyze the impacts of recent changes in crop and fertilizer prices on next year's economic picture. A printout of the spreadsheet is shown in Table 1. The corn and soybean prices are based on 2010 harvest-time futures prices as of September 2009. The \$120/ton alfalfa hay price is in line with FINBIN 2007 and 2008 harvest-time prices, but obviously this will vary widely with quality and package type. The \$30/ton corn silage price is based on the historical relationship with corn grain. The fertilizer costs are based on anhydrous at \$450/ton, DAP at \$400, and potash at \$550.

The yields in Table 1 are based on 5-year Minnesota state averages from 2004-2008. Seed and chemical costs are based on recommended rates and 2009 prices. Land costs and other expenses are from FINBIN farm financial summary data.

With these projections, a mature stand of alfalfa hay nets \$166/ac. Averaging this with the establishment year over a 4-year stand life brings the stand-life average down to \$95/ac. These numbers were arrived at after netting out hired labor expenses and the estimated opportunity cost of operator labor, so they are returns to management and risk. Corn grain and corn silage are both around the breakeven point, while soybean nets \$44/ac.

As always, "results may vary," so use these ballpark estimates as a starting point but modify them with personal data. Go to <http://tinyurl.com/cropbud-xls> to download the budgets as an Excel spreadsheet, which can also be modified.

**Table 1.** Projected 2010 crop costs and returns in Minnesota.

Per Acre	Corn Grain	Soybean	Corn Silage	Alfalfa Hay, Mature Stand	Alfalfa Hay, 4-Year Stand Average
<b>REVENUE</b>					
Yield/Ac	151 bushels	40 bushels	15 tons	4.0 tons	3.5 tons
Price/Unit	\$3.60	\$9.00	\$30.00	\$120.00	\$120.00
Government Payments	\$36.00	\$15.00	\$4.00	\$0.00	\$0.00
Miscellaneous Income	\$22.00	\$20.00	\$32.00	\$0.00	\$0.00
<b>Gross Revenue</b>	\$601.00	\$393.00	\$486.00	\$480.00	\$420.00
<b>EXPENSES</b>					
Seed	\$116.00	\$50.00	\$116.00	\$0.00	\$11.00
Fertilizer	\$81.00	\$6.00	\$81.00	\$37.00	\$37.00
Crop Chemicals	\$38.00	\$40.00	\$38.00	\$16.00	\$22.00
Crop Insurance & Misc.	\$49.00	\$41.00	\$39.00	\$24.00	\$24.00
Machinery & Labor	\$140.00	\$99.00	\$79.00	\$127.00	\$120.00
Crop Drying	\$31.00	\$0.00	\$0.00	\$0.00	\$0.00
Land Cost	\$117.00	\$108.00	\$90.00	\$105.00	\$105.00
Interest on Pre-Harvest Variable Expenses	\$11.00	\$6.00	\$11.00	\$4.00	\$4.00
<b>Gross Expenses</b>	\$582.00	\$349.00	\$504.00	\$314.00	\$325.00
<b>NET RETURNS</b>	\$18.00	\$44.00	-\$18.00	<b>\$166.00</b>	<b>\$95.00</b>