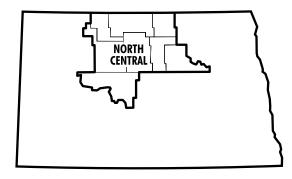


December 2015

Projected 2016 Crop Budgets



North Central North Dakota

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The 2016 crop budgets provide an estimate of revenues and costs for selected crops. Each set of budgets are developed for a multi-county region. There is considerable variation in soil type and productivity, weather conditions, as well as management and production practices within each region. Therefore, THESE BUDGETS ARE ONLY INTENDED TO BE USED AS A GUIDE. EVERY INDIVIDUAL IS HIGHLY ENCOURAGED TO DEVELOP HIS/HER OWN BUDGETS!

The profitability budget accounts for full economic opportunity costs for land and machinery investment, regardless of farm operator equity position. The bottom line is the return to labor and management. This is the expected "payment" to the producer for the labor and managerial efforts required by the crop enterprise. Each individual must make the decision whether it is sufficient.

The budget can be changed to conform to the more common definition of accounting profit (return to unpaid labor and management, and owner equity) by

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replacing the machinery investment and land charge cost items with your per acre interest and rental expense of machinery and land, and real estate tax if land is owned.

The budget can be used for long run decisions if the revenues and costs are realistic for several years. (Crop prices, direct costs, and the land charge are best estimates for only the 2016 crop year, but crop yields are historic averages and machinery ownership costs are an average for the total length of ownership). If the budget shows a high return to labor and management, and is representative for several years, increased acreage and corresponding investment should be considered. However, if long-run returns to labor and management are unsatisfactory the best decision may be to exit the crop enterprise and employ the machinery and land investment, and labor and management, in a different enterprise or investment.

For short-run planning decisions you can omit the indirect costs if the land and machinery required to produce the different enterprises are in place. Simply compare the crop enterprises by calculating return over direct costs. Labor requirements and risk should also be considered. Insurance is not available for some crops.

The budget can be used to estimate cashflow by making a few modifications. Machinery depreciation should be omitted and the machinery investment number replaced with your per acre principal and interest payment on machinery debt. For owned land, the land charge should be replaced with your per acre real estate tax and principal and interest payment on land debt.

The 2014 Farm Bill initiated the Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC) support programs, and elimanted the direct and countercyclical payment programs and the ACRE program. **PLC and ARC payments** have been omitted from the budgets because those payments, if any, are tied to historic farm program base acres, not to current crop selection or production.

Primary Assumptions:

Crops are planted on dryland recrop ground. Costs of moving crop to local market/storage are included.

The budgets for the South West, North West, South Central and North Central regions typically represent production systems where soil disturbance only occurs at seeding.

Market Price: Best estimates of NDSU extension economists. The greater of projected market price and marketing loan rate is used.

Market Yields: Average yield for the 7 year period 2008-2014, after the low and high yield years are removed. Yields for safflower, yellow mustard, buckwheat, millet, rye and chickpeas are from NDSU extension agronomists and industry sources.

Fertilizer: Cost of fertilizer applied, based on soil test, to meet yield goal of 130% of market yield. N fertilizer can be reduced if previous crop was soybean, dry bean, field peas or lentil.

Soil test - recrop:

Nitrogen - 35 lb

Phosphorus - 8 ppm

Potassium - 363 ppm

Fertilizer prices:

Nitrogen - .40/lb Phosphorus - .44/lb Potassium - .33/lb

Seed Prices:

Spring Wheat 9.25/bu
Durum 12.50/bu
Barley 8.50/bu
Corn GM 2.70/thou.kern.
Soybean RR2 .33/thou.kern.
Dry Beans .67/lb
Oil Sunflower 1.50/thou.kern.

Conf. Sunflower 2.50/thou.kern. Canola 10.25/lb Flax 14.50/bu Field Peas 14.00/bu Oats 6.00/bu Lentils .55/lb Mustard 2.00/lb Buckwheat .60/lb

Buckwheat .60/lb Millet .25/lb Winter Wheat 8.00/bu Rye 8.00/bu

Fuel prices:

Diesel 1.80/gal Gas 1.95/gal

Lubrication charge: 15% of fuel cost

Crop Insurance: Revenue Protection was used for all wheat, barley, soybeans, corn, canola, sunflowers and dry beans. Yield Protection or APH insurance was used for other crops. A 70% coverage and optional units were used, except corn for which 75% coverage and enterprise units were assumed.

Miscellaneous: soil testing, machinery rent and custom work.

Operating Interest: Direct costs charged 4.25% interest for 6 month period.

Misc. Overhead: Machinery housing and insurance at .5% and .85%, respectively, of average machinery investment. Also, liability insurance and license fees of trucks. In addition, \$3 per acre is assumed for general farm utilities, farm publications, meetings, dues, income tax preparation, legal fees, etc.

Land charge = average cash rent.

Machinery investment: 4.5% real interest rate, over the years of machine ownership, is charged on average machinery investment. The real, or inflation adjusted, rate is the commercial rate minus the inflation rate. Ave. mach. investment = (Purchase price + Disposal price)/2

Depreciation = (Purchase price - disposal price / years ownership)

Spring Wheat

Durum

	Per Acre	Your Figures	Per Acre	Your Figures
Market Yield	44		40	
Market Price	5.26		5.96*	
MARKET INCOME	231.44		238.40	
DIRECT COSTS				
-Seed	15.73		25.00	
-Herbicides	26.20		26.20	
-Fungicides**	9.00		17.00	
-Insecticides***	0.00		0.00	
-Fertilizer	56.66		50.24	
-Crop Insurance	11.30		12.70	
-Fuel & Lubrication	10.41		10.25	
-Repairs	19.24		19.13	
-Drying	0.00		0.00	
-Miscellaneous	1.50		1.50	
-Operating Interest	3.19		3.44	
	======	========	=======	========
SUM OF LISTED DIRECT COSTS	153.23		165.46	
INDIRECT (FIXED) COSTS				
-Misc. Overhead	7.50		7.43	
-Machinery Depreciation	21.90		21.70	
-Machinery Investment	12.88		12.78	
-Land Investment	50.00		50.00	
OUNT OF LIGHTED INDIDEOT COOTS	=======	=========	=======	========
SUM OF LISTED INDIRECT COSTS	92.28		91.91	
SUM OF ALL LISTED COSTS	245.51		257.37	
RETURN TO LABOR & MANAGEMENT	(14.07)		(18.97)	
LISTED COSTS PER BUDGET UNIT	(bu)		(bu)	
-Direct Costs	3.48		4.14	
-Indirect Costs	2.10		2.30	
-Total Costs	5.58		6.43	

Wheat notes:

^{*}Durum price is for milling quality. There is high risk of lower quality and lower price.

^{**}Includes seed treatment, an early season foliar fungicide and a late season fungicide. Prothioconazole or metconazole containing products are highly recommended for fusarium head blight (scab) control when conditions are favorable for infection.

^{***}Wheat midge insecticide would cost about \$6. Cereal grain aphid insecticide would cost about \$6.

Malting Barley Corn Grain

	Per Acre	Your Figures	Per Acre	Your Figures
Market Yield	66		103	
Market Price	4.21*		3.50	
MARKET INCOME	277.86		360.50	
DIRECT COSTS				
-Seed	13.60		78.30*	
-Herbicides	23.70		21.00	
-Fungicides	17.00**		0.00	
-Insecticides	0.00		0.00	
-Fertilizer	52.01		70.77	
-Crop Insurance	16.50		16.70	
-Fuel & Lubrication	11.28		14.75	
-Repairs	19.68		22.81	
-Drying	0.00		21.63	
-Miscellaneous	1.50		1.50	
-Operating Interest	3.30		5.26	
5 to	======		=======	
SUM OF LISTED DIRECT COSTS	158.58		252.72	
INDIRECT (FIXED) COSTS				
-Misc. Overhead	7.86		9.65	
-Machinery Depreciation	22.85		32.43	
-Machinery Investment	13.36		18.30	
-Land Investment	50.00		50.00	
Zana mrodunom	=======		=======	
SUM OF LISTED INDIRECT COSTS	94.07		110.39	
SUM OF ALL LISTED COSTS	252.64		363.11	
RETURN TO LABOR & MANAGEMENT	25.22		(2.61)	
LISTED COSTS PER BUDGET UNIT	(bu)		(bu)	
-Direct Costs	2.4Ó		2.4 5	
-Indirect Costs	1.43		1.07	
-Total Costs	3.83		3.53	

Barley notes:

Corn notes:

*GM corn with herbicide tolerance and above ground insect control traits.

Cost includes insecticide seed treatment for wireworm, rootworm, white grub and suppression of cutworm.

^{*}There is risk of not making malting barley quality. Use \$2.90 price for feed barley quality.

^{**}Includes seed treatment, an early season foliar fungicide and a late season fungicide recommended when conditions are favorable for fusarium head blight (scab) infection.

Soybeans

Drybeans

	Per Acre	Your Figures	Per Acre	Your Figures
Market Yield	31		1620	
Market Price	7.85		0.22	
MARKET INCOME	243.35		356.40	
DIRECT COSTS				
-Seed	65.75*	-	55.28	
-Herbicides	20.00		45.80*	
-Fungicides	0.00	·	20.00**	
-Insecticides	0.00**	·	0.00	
-Fertilizer	7.62	·	40.54	
-Crop Insurance	11.20		18.30	
-Fuel & Lubrication	8.26		11.59	
-Repairs	16.39		21.64	
-Drying	0.00		0.00	
-Miscellaneous	4.75		12.75	
-Operating Interest	2.85		4.80	
==	======	=========	=======	========
SUM OF LISTED DIRECT COSTS	136.82		230.69	
INDIRECT (FIXED) COSTS				
-Misc. Overhead	6.78		8.05	
-Machinery Depreciation	19.89		27.00	
-Machinery Investment	10.92		15.28	
-Land Investment	50.00		50.00	
	07.00	========	100.00	========
SUM OF LISTED INDIRECT COSTS	87.60	·	100.33	
SUM OF ALL LISTED COSTS	224.41		331.02	
RETURN TO LABOR & MANAGEMENT	18.94		25.38	
LISTED COSTS PER BUDGET UNIT	(bu)		(lb)	
-Direct Costs	4.41		0.14	
-Indirect Costs	2.83		0.06	
-Total Costs	7.24		0.20	

Soybean notes:

Drybean notes:

Under the 2014 farm bill government payment reductions can occur if drybean plantings exceed non-base acres plus 15 percent of base acres (35 percent if enrolled in ARC-IC).

^{*}RR2 (glyphosate) resistant soybeans. The cost includes \$8 for inoculant and fungicide treatment in addition to seed expense.

^{**}Soybean aphid and/or spider mite insecticide would cost about \$4 per acre plus appliction.

^{*}Includes dessicant prior to straight cutting.

^{**}Fungicide for white mold. Fungicide for rust at \$4-\$12 plus application maybe necessary.

Oil Sunflower

Confection Sunflower

	Per Acre	Your Figures	Per Acre	Your Figures
Market Yield	1480		1400	
Market Price	0.157		0.214	
MARKET INCOME	232.36		299.60	
DIRECT COSTS				
-Seed	31.50		45.00	
-Herbicides	33.20		35.30	
-Fungicides	0.00*		0.00*	
-Insecticides	5.00**		10.00**	
-Fertilizer	34.05		31.45	
-Crop Insurance	10.80		13.50	
-Fuel & Lubrication	10.98		10.87	
-Repairs	18.95		18.88	
-Drying	4.44		4.20	
-Miscellaneous	9.50		17.50	
-Operating Interest	3.37		3.97	
	======		=======================================	
SUM OF LISTED DIRECT COSTS	161.78		190.67	
INDIRECT (FIXED) COSTS				
-Misc. Overhead	7.88		7.83	
-Machinery Depreciation	23.42		23.29	
-Machinery Investment	14.06		14.00	
-Land Investment	50.00		50.00	
	=======			
SUM OF LISTED INDIRECT COSTS	95.36		95.12	
SUM OF ALL LISTED COSTS	257.15		285.80	
RETURN TO LABOR & MANAGEMENT	(24.79)		13.80	
LISTED COSTS PER BUDGET UNIT	(lb)		(lb)	
-Direct Costs	0.11		0.14	
-Indirect Costs	0.06		0.07	
-Total Costs	0.17		0.20	

Oil Sunflower notes:

Confection Sunflower notes:

^{*}Fungicide for rust would cost \$4 plus application.

^{**}One spraying for head feeding insects (red seed weevil, lygus bug and banded moths). Custom application cost of \$8 is under "Miscellaneous." Foliar applied insecticide for cutworms would cost about \$5 plus application (usually tank mixed with herbicide).

^{*}Fungicide for rust would cost \$4 plus application.

^{**}Two sprayings for head feeding insects (red seed weevil, lygus bug and banded moths) at about \$5 per application. Each custom application cost of \$8 is under "Miscellaneous." Foliar applied insecticide for cutworms would cost about \$5 plus application (usually tank mixed with herbicide).

Canola

Flax

		Your		Your
	Per Acre	Figures	Per Acre	Figures
Market Yield	1680		22	
Market Price	0.148		7.96	
MARKET INCOME	248.64		175.12	
DIRECT COSTS				
-Seed	51.25*		13.05	
-Herbicides	21.30		28.50	
-Fungicides	0.00**		0.00	
-Insecticides	0.00		0.00	
-Fertilizer	67.87		27.69	
-Crop Insurance	13.10		5.90	
-Fuel & Lubrication	10.11		9.28	
-Repairs	18.48		18.08	
-Drying	0.00		0.00	
-Miscellaneous	1.50		1.50	
-Operating Interest	3.90		2.21	
, ,	======		=======	
SUM OF LISTED DIRECT COSTS	187.51	- 	106.21	
INDIRECT (FIXED) COSTS				
-Misc. Overhead	7.33		7.01	
-Machinery Depreciation	21.61		20.36	
-Machinery Investment	12.72		11.97	
-Land Investment	50.00		50.00	
	=======		=======	
SUM OF LISTED INDIRECT COSTS	91.66		89.34	
SUM OF ALL LISTED COSTS	279.17		195.54	
RETURN TO LABOR & MANAGEMENT	(30.53)		(20.42)	
LISTED COSTS PER BUDGET UNIT	(lb)		(bu)	
-Direct Costs	0.11		4.83	
-Indirect Costs	0.05		4.06	
-Total Costs	0.17		8.89	

Canola notes:

^{*}Cost includes insecticide seed treatment for flea beetles.

^{**}Fungicide for white mold would cost about \$18 plus application.

Field Peas

Oats

		Your		Your
	Per Acre	Figures	Per Acre	Figures
Market Yield	41		69	
Market Price	6.42		2.29	
MARKET INCOME	263.22		158.01	
DIRECT COSTS				
-Seed	42.00		12.00	
-Herbicides	33.00		9.80	
-Fungicides	1.50		0.00	
-Insecticides	0.00*		0.00	- <u>-</u> -
-Fertilizer	11.68		45.12	
-Crop Insurance	9.10		7.60	
-Fuel & Lubrication	9.78		11.81	
-Repairs	18.85		19.77	
-Drying	0.00		0.00	
-Miscellaneous	9.25		1.50	
-Operating Interest	2.87		2.29	
	=======	========	=======	========
SUM OF LISTED DIRECT COSTS	138.04		109.89	
INDIRECT (FIXED) COSTS				
-Misc. Overhead	7.31		8.16	
-Machinery Depreciation	22.72		23.49	
-Machinery Investment	12.35		14.26	
-Land Investment	50.00		50.00	
	=======	========	=======	=========
SUM OF LISTED INDIRECT COSTS	92.38		95.92	
SUM OF ALL LISTED COSTS	230.42		205.81	
RETURN TO LABOR & MANAGEMENT	32.80		(47.80)	
LISTED COSTS PER BUDGET UNIT	(bu)		(bu)	
-Direct Costs	3.37		1.59	
-Indirect Costs	2.25		1.39	
-Total Costs	5.62		2.98	

Field Pea notes:

For 2016, yellow and green peas are expected to have very similar returns and costs.
*Insecticide treatment for cutworms and/or pea aphids would cost about \$5 per acre plus application.

Lentils

Yellow Mustard

		Your		Your
	Per Acre	Figures	Per Acre	Figures
Market Yield	1440		900	
Market Price	0.23		0.31	
MARKET INCOME	331.20		279.00	
DIRECT COSTS				
-Seed	38.50		24.00	
-Herbicides	34.60*		20.10	
-Fungicides	16.00**		0.00	
-Insecticides	0.00***		6.00*	
-Fertilizer	6.84		25.89	
-Crop Insurance	16.60		20.00**	
-Fuel & Lubrication	9.49		9.58	
-Repairs	19.53		18.32	
-Drying	0.00		0.00	
-Miscellaneous	9.25		1.50	
-Operating Interest	3.20		2.66	
, ,	=======	=========	=======	=========
SUM OF LISTED DIRECT COSTS	154.02		128.06	
INDIRECT (FIXED) COSTS				
-Misc. Overhead	7.35		7.22	
-Machinery Depreciation	22.84		20.89	
-Machinery Investment	12.61		12.88	
-Land Investment	50.00		50.00	
	=======	=========	=======	=========
SUM OF LISTED INDIRECT COSTS	92.81		91.00	
SUM OF ALL LISTED COSTS	246.82		219.06	
RETURN TO LABOR & MANAGEMENT	84.38		59.94	
LISTED COSTS PER BUDGET UNIT	(lb)		(lb)	
-Direct Costs	0.11		0.14	
-Indirect Costs	0.06		0.10	
-Total Costs	0.17		0.24	

Lentil notes:

Yellow Mustard notes:

^{*}Includes pre-harvest dessicant.

^{**}Fungicide treatment for ascochyta/anthracnose.
***Insecticide treatment for cutworms and/or grasshoppers would cost about \$5 per acre plus application.

^{*}Insecticide seed treatment for flea beetles.

^{**}Crop insurance is not available in some counties of the region.

Buckwheat

Millet

	Per Acre	Your Figures	Per Acre	Your Figures
Market Yield	950		1300	
Market Price	0.213		0.065	
MARKET INCOME	202.35		84.50	
DIRECT COSTS				
-Seed	30.00		6.25	
-Herbicides	18.10		9.70	
-Fungicides	0.00		0.00	
-Insecticides	0.00		0.00	
-Fertilizer	16.07		15.83	
-Crop Insurance	9.50*		0.00	
-Fuel & Lubrication	9.38		10.00	
-Repairs	17.68		18.60	
-Drying	0.00		0.00	
-Miscellaneous	1.50		1.50	
-Operating Interest	2.17		1.31	
	======	=========	=======	=========
SUM OF LISTED DIRECT COSTS	104.40		63.19	
INDIRECT (FIXED) COSTS				
-Misc. Overhead	7.07		7.40	
-Machinery Depreciation	20.39		21.38	
-Machinery Investment	12.21		13.14	
-Land Investment	50.00		50.00	
SUM OF LISTED INDIRECT COSTS	89.67	========	====== 91.92	========
SUM OF ALL LISTED COSTS	194.07		155.12	
RETURN TO LABOR & MANAGEMENT	8.28		(70.62)	
LISTED COSTS PER BUDGET UNIT	(lb)		(lb)	
-Direct Costs	0.11	·	0.05	
-Indirect Costs	0.09		0.07	
-Total Costs	0.20		0.12	

Buckwheat notes:

^{*}Crop insurance is not available in most counties of the region.

Winter Wheat

Rye

	Per Acre	Your Figures	Per Acre	Your Figures
	rei Acie	rigules	rei Acie	rigules
Market Yield	50*		44	
Market Price	4.43		4.33	
MARKET INCOME	221.50		190.52	
DIRECT COSTS				
-Seed	9.35		9.60	
-Herbicides	23.90		6.50	
-Fungicides	9.00		0.00	
-Insecticides	0.00		0.00	
-Fertilizer	66.30		56.66	
-Crop Insurance	11.80		10.30	
-Fuel & Lubrication	9.88		9.67	
-Repairs	17.37		16.94	
-Drying	0.00		0.00	
-Miscellaneous	7.50		7.50	
-Operating Interest	3.30		2.49	
Speraming mission	=======	==========	=======	
SUM OF LISTED DIRECT COSTS	158.39		119.66	
MIDIDEOT (EWED) COSTO				
INDIRECT (FIXED) COSTS				
-Misc. Overhead	7.03		6.96	
-Machinery Depreciation	20.15		19.90	
-Machinery Investment	11.09		11.08	
-Land Investment	50.00		50.00	
SUM OF LISTED INDIRECT COSTS	88.27		====== 87.94	
SUM OF ALL LISTED COSTS	246.66		207.60	
RETURN TO LABOR & MANAGEMENT	(25.16)		(17.08)	
LISTED COSTS PER BUDGET UNIT	(bu)		(bu)	
-Direct Costs	3.17		2.72	
-Indirect Costs	1.77		2.00	
-Total Costs	4.93	-	4.72	

Winter Wheat notes:

^{*}Yield is per harvested acre. There is some risk of acreage abandonment in spring.

2016 Machinery List

Machine	Purch. Price	Annual Use	Years to trade	Trade in	Deprec.	Invest.	Repairs	Ac/hr
FWA 140HP Tractor	130000	400 hr	20	40676	11.17 /hr	9.60 /hr	12.84 /hr	
FWA 180HP Tractor	176200	500 hr	15	50575	16.75 /hr	10.20 /hr	17.40 /hr	
4WD 340HP Tractor	232100	500 hr	15	66661	22.06 /hr	13.44 /hr	13.11 /hr	
SP Combine (base unit)	281900	250 hr	12	68074	71.28 /hr	31.50 /hr	44.43 /hr	
Tandem Truck (used)	38300	150 hr	15	12200	11.60 /hr	7.58 /hr	7.85 /hr	
Semi & Trailer (used)	42900	150 hr	10	12250	20.43 /hr	8.27 /hr	9.47 /hr	
Pick-up Truck	30600	300 hr	10	6000	8.20 /hr	2.75 /hr	3.55 /hr	
Swather 30 ft	30600	1000 ac	20	7253	1.17 /ac	0.85 /ac	0.49 /ac	13.1
Sprayer 90 ft	38800	5000 ac	10	19278	0.39 /ac	0.26 /ac	0.50 /ac	42.5
Heavy Harrow 70 ft	31000	2000 ac	20	18080	0.32 /ac	0.55 /ac	0.35 /ac	39.7
Air Seeder 40 ft	180800	2400 ac	10	92386	3.68 /ac	2.56 /ac	6.25 /ac	17.0
Planter 16-30	112800	1400 ac	15	46864	3.14 /ac	2.57 /ac	4.67 /ac	14.2
Corn head 8R	58600	800 ac	12	16808	4.35 /ac	2.12 /ac	1.36 /ac	6.8
Grain head w/pu	15600	800 ac	20	1536	0.88 /ac	0.48 /ac	0.25 /ac	10.2
Grain str. cut 30 ft	26000	2000 ac	8	10508	0.97 /ac	0.41 /ac	0.40 /ac	10.2
Head w/sunf pans 30 ft	31300	600 ac	20	3200	2.34 /ac	1.29 /ac	0.48 /ac	10.2
Flex head 30 ft	38600	1000 ac	20	3541	1.75 /ac	0.95 /ac	0.60 /ac	10.2
Rock picker	22300	50 hr	20	7122	0.51 /ac	0.44 /ac	0.33 /ac	29.1
Grain Cart	30000	100 hr	20	5100	12.45 /hr	7.90 /hr	7.50 /hr	
Grain auger	12700	50 hr	20	735	11.97 /hr	6.05 /hr	4.70 /hr	

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