2020 Cost of Production

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What is Cost of Production?

• It is recording and measuring the dollar value of all of your inputs and expenses for growing a specific crop.
Why Do We Need to Know Our Cost of Production?

• Marketing-What do YOU need to get to breakeven on each of your crops?

• Changing production practices-What works and what doesn’t?

• What crops work for you?-What crops are more profitable for YOUR farm?

• What is YOUR cost per acre?
Figuring Your Break Even Price

• **Input Your Income**
  - Your average 3 year yield
  - Value Per Bushel
  - Other Crop Income (Unit retains, crop insurance, etc.)
  - Your average yield, value per bushel, and other crop income will equal your **Gross Net Return Per acre**
Figuring Your Break Even Price

• **Input Your DIRECT Expenses**
  - Seed
  - Fertilizer
  - Chemicals
  - Crop Insurance
  - Drying Expense
  - Fuel/Oil
  - Repairs

  - Custom Hire
  - Land Rent/Cost
  - Machinery Leases
  - Operating Interest
  - Miscellaneous
Figuring Your Break Even Price

- **Input Your Overhead Expenses**
  - Hired Labor
  - Machinery Leases
  - Building Lease
  - Farm Insurance
  - Utilities
  - Dues/Prof Fees

- Principle Payments
- Misc

- All of these together are your overhead expenses
Figuring Your Break Even Price

Gross Return Per Acre
- Total Direct Expenses
- Total Overhead Expenses

Net Return Per Acre
What do the BEP look like for 2020

- Example 2020 Break Even Price Spreadsheet
- Can we make money in 2020?