

# Production Costs & Farm Revenue from Both the Banker & Farmer Perspectives



2009 USDA Outlook Forum

Washington, DC

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# ***Bob's Other Job?***





HOME

GETTING  
STARTED

GRAPH  
LIBRARY

ABOUT  
FINBIN

ABOUT  
THE DATA

# FINBIN

Farm Financial Database

GENERATE A SUMMARY REPORT

WHOLE FARM

CROP

LIVESTOCK

GENERATE A BENCHMARK REPORT

DAIRY

CROP

## WELCOME TO FINBIN

Welcome to FINBIN, one of the largest and most accessible sources of farm financial and production benchmark information in the world. FINBIN places detailed reports on whole farm, crop, and livestock financials at your fingertips.

With just a few clicks of the mouse, you can see reports such as:

- [Cost and returns from Roundup Ready soybeans](#)
- [Dairy cost and returns by size or location of herd](#)
- [Farm financial standards measures by type or size of farm](#)

The possibilities are endless. Select Whole Farm Reports, Crop Reports, or Livestock Reports to create your own custom report.

Data providers:

MNSCU Farm Business Management

U of MN Farm Management Associations

# ***Data Security***

- **Whole farm reports -- minimum of 10 farms in each report**
- **Enterprise reports -- minimum of 5 farms in each report**

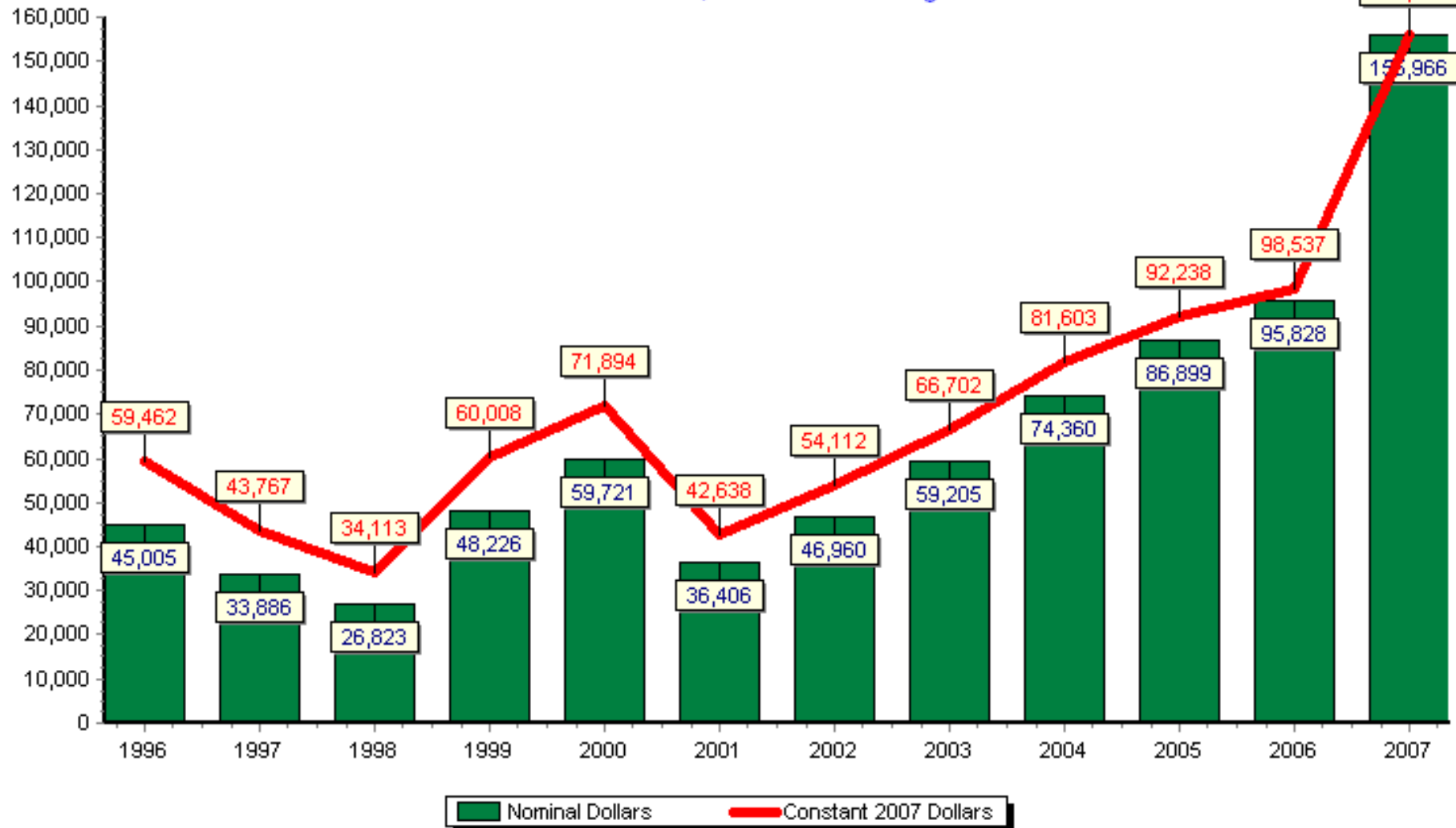


# ***Whole Farm Comparisons***



# Net Farm Income

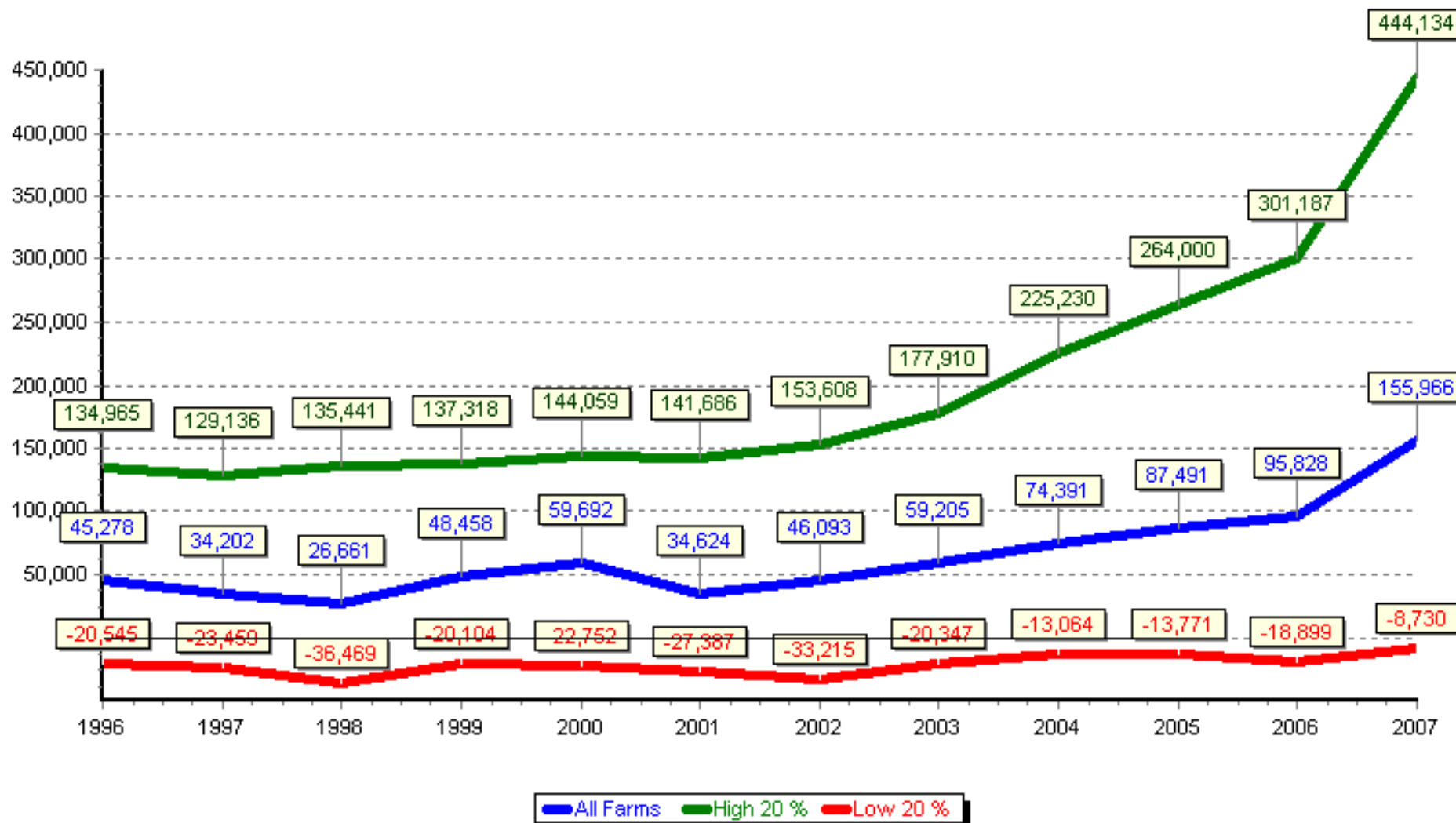
FINBIN Database, Minnesota Average



Data Sources: Minnesota Farm Business Management Education  
SE & SW Minnesota Farm Business Management Associations, U of M  
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# Net Farm Income

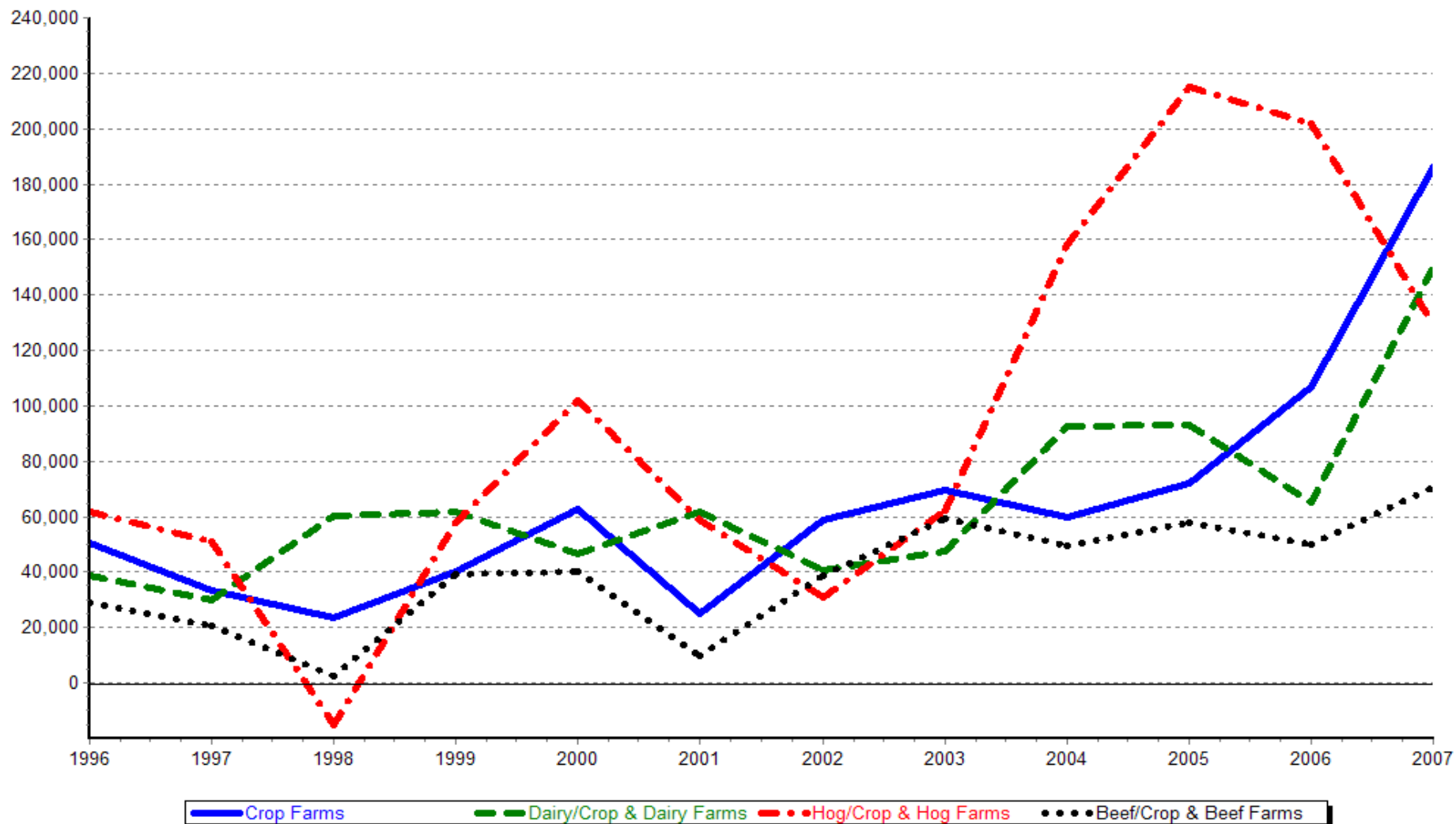
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FINBIN Database, Minnesota Average

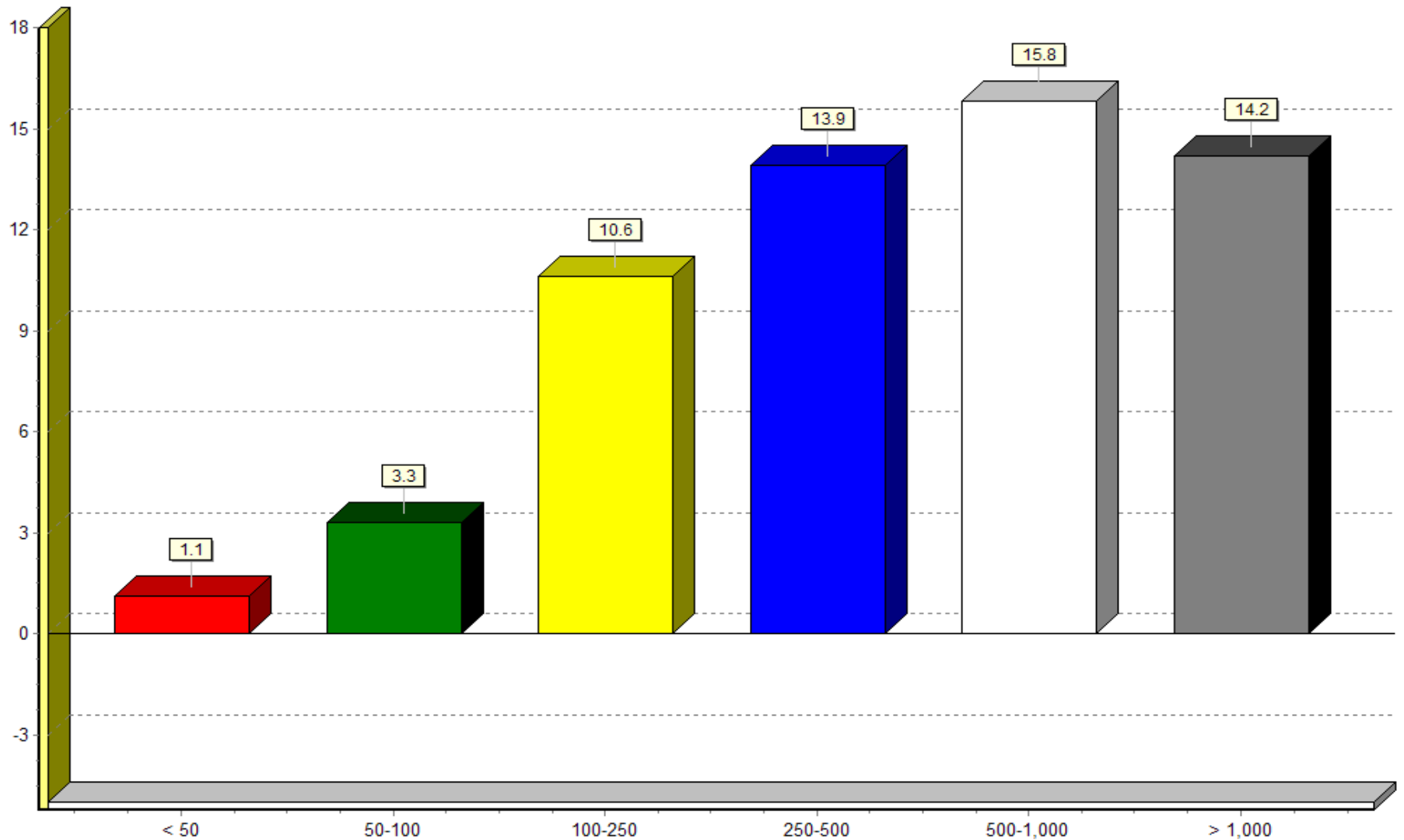


Data Sources: Minnesota Farm Business Management Education, MnSCU  
Southwestern Minnesota Farm Business Management Associations, U of M  
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## Rate of Return on Assets by Farm Size -- 2007

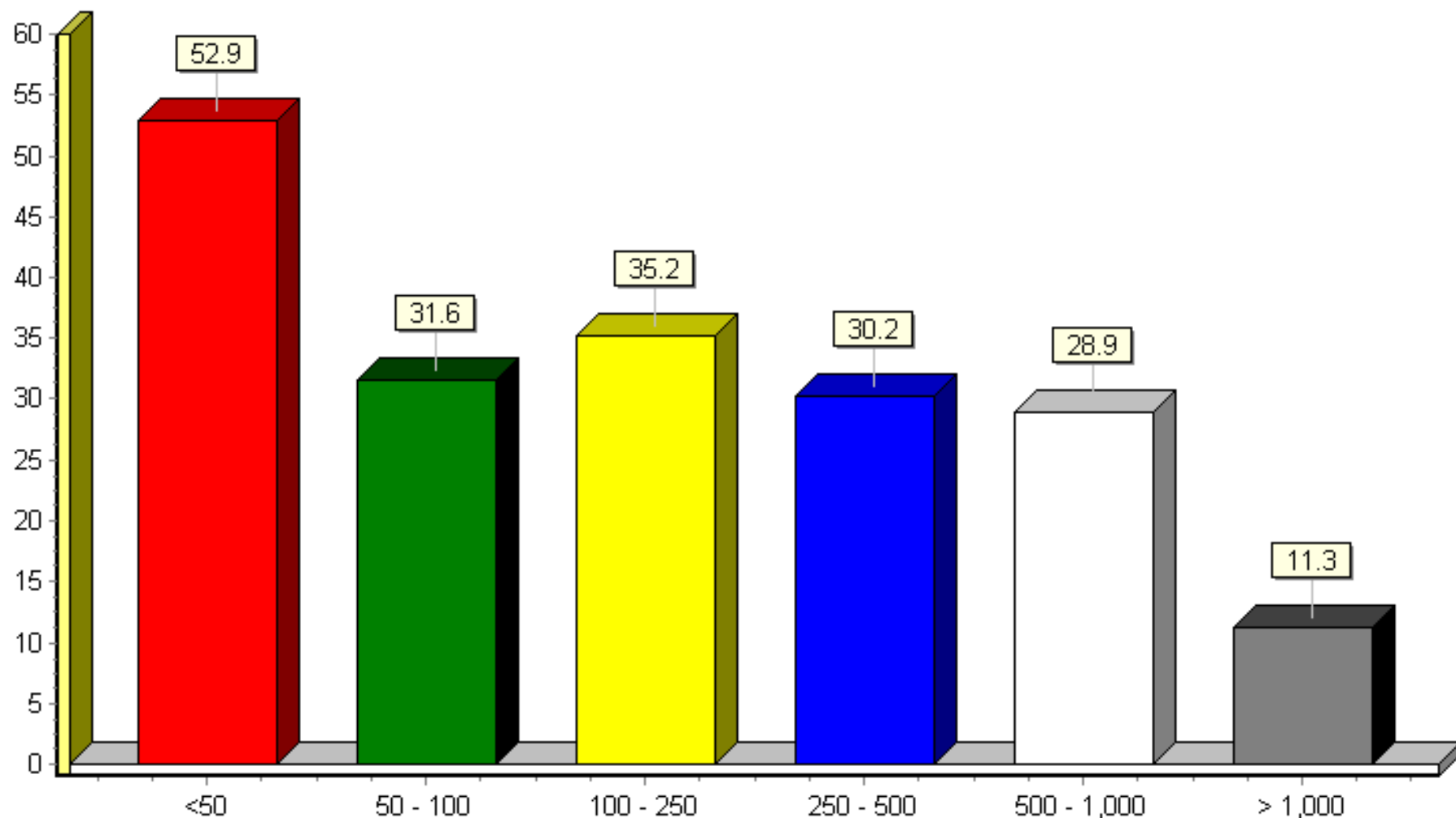
FINBIN Database, Minnesota Average by Gross Farm Income (\$1,000)  
Assets at Adjusted Cost Basis



Data Sources: Minnesota Farm Business Management Education, MnSCU  
Southwest Minnesota Farm Business Management Associations, U of M  
Copyright 2008, Center For Farm Financial Management, University of Minnesota

# Working Capital to Gross Income By Farm Size - 2007

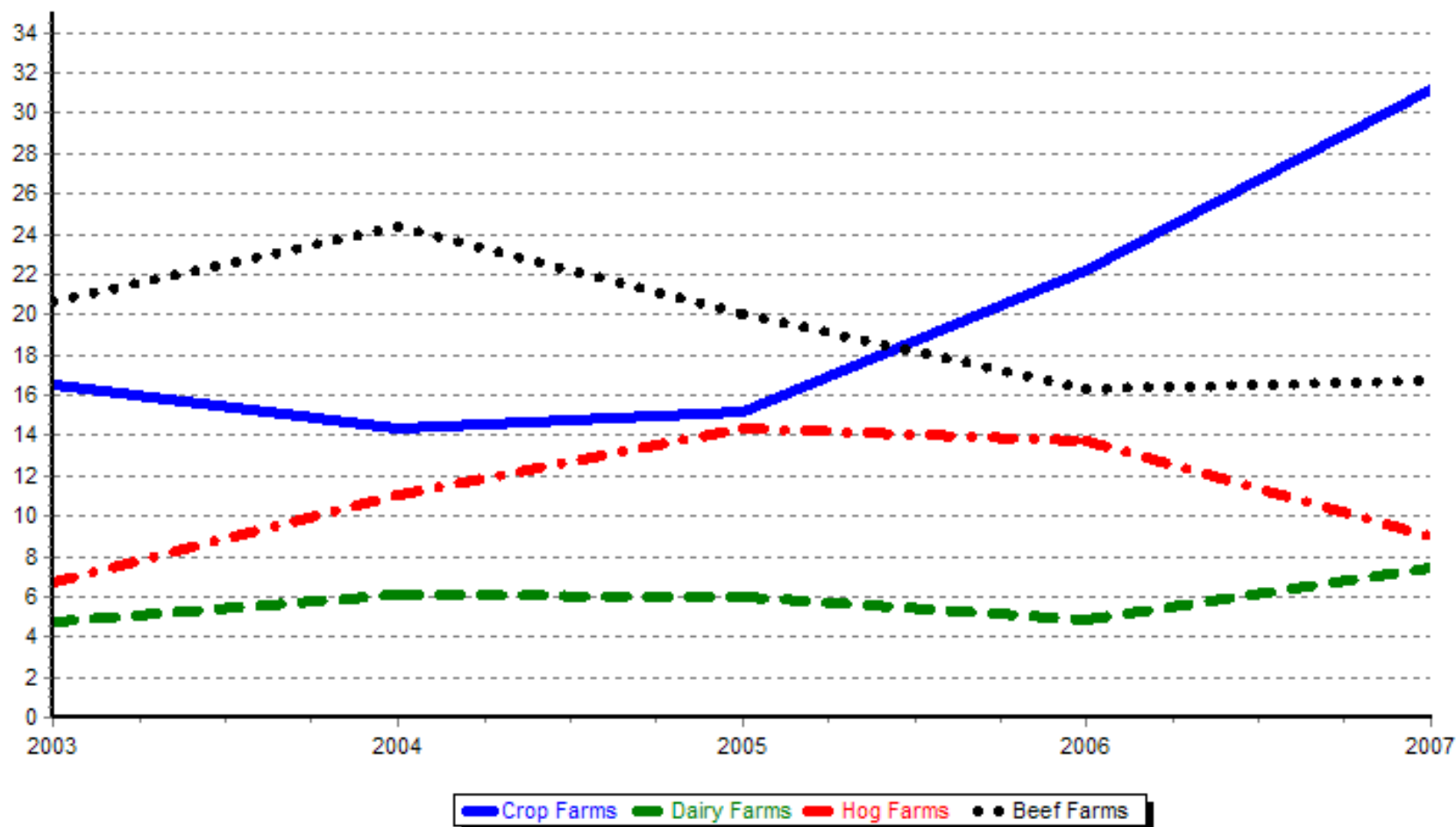
FINBIN Database, Minnesota Average by Gross Farm Income (\$1,000)



Data Sources: Minnesota Farm Business Management Education  
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# Working Capital as Percent of Gross Income

FINBIN Database, Minnesota Average



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# ***Crop Comparisons***



# Quiz Time!

What is the single most important factor in determining your cost of production?

- A. Land cost
- B. Family living
- C. Yield
- D. Government payments
- E. Color of your equipment



# Corn, Cash Rented, 2007

FINBIN Database, So MN

Cost of production	High Cost 20 %	20-40%	40-60%	60-80%	Low Cost 20%
Yield	144	164	170	173	181
Gross return	\$547.06	\$612.37	\$625.42	\$639.28	\$670.60
Seed	61.50	61.10	60.73	60.30	60.04
Fertilizer	89.55	85.26	82.04	80.39	67.48
Chemicals	23.01	25.20	21.76	21.28	19.38
Rent	126.16	129.36	126.17	124.24	121.02
Total direct cost	432.80	420.18	396.53	377.71	345.43
Total costs	518.06	498.55	468.69	434.47	404.11
Net return to operator lbr & mgt	13.38	94.57	142.22	190.74	257.71
Cost of production	3.51	3.11	2.82	2.59	2.28

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# Corn, Cash Rented

*FINBIN Database, Southern MN*

	2003	2004	2005	2006	2007	% Diff. 07 vs 03	\$ Diff. 07 vs 03
Seed	41.51	44.42	49.29	53.96	60.71	46%	19.21
Fertilizer	49.38	57.54	64.71	72.29	80.98	54%	26.82
Chemicals	27.94	27.22	25.35	23.89	22.14	-20%	-5.80
Fuel & drying	18.07	36.44	31.63	33.56	29.15	61%	11.08
Crop insur.	9.35	12.07	9.77	11.15	20.43	119%	11.08
Rent	104.26	107.55	112.37	115.10	125.51	20%	21.19
Other	87.42	91.41	100.81	107.62	125.32	43%	37.90
Total cost	337.93	376.65	393.93	417.57	464.24	37%	126.23

# Corn, Cash Rented

*FINBIN Database, Southern MN*

	2003	2004	2005	2006	2007	2008 Estimated	2009 Projected
Seed	41.51	44.42	49.29	53.96	60.71	72.85	91.07
Fertilizer	49.38	57.54	64.71	72.29	80.98	105.27	168.44
Chemicals	27.94	27.22	25.35	23.89	22.14	26.57	30.55
Fuel & drying	18.07	36.44	31.63	33.56	29.15	37.90	34.11
Crop insur.	9.35	12.07	9.77	11.15	20.43	26.56	21.25
Rent	104.26	107.55	112.37	115.10	125.51	140.57	157.44
Other	87.42	91.41	100.81	107.62	125.32	140.36	157.20
Total cost	337.93	376.65	393.93	417.57	464.24	550.08	660.05

# **Corn, Cash Rent, Net Income Per Acre**

**Assumes 2009 projected expenses, \$24 direct payment/a.**

## **Yield per Acre**

<b>Price/Bu</b>	<b>140</b>	<b>157.5</b>	<b>175</b>	<b>192.5</b>	<b>210</b>
<b>2.50</b>	<b>-286</b>	<b>-242</b>	<b>-199</b>	<b>-155</b>	<b>-111</b>
<b>3.25</b>	<b>-181</b>	<b>-124</b>	<b>-67</b>	<b>-10</b>	<b>46</b>
<b>4.00</b>	<b>-76</b>	<b>-6</b>	<b>64</b>	<b>134</b>	<b>204</b>
<b>4.75</b>	<b>29</b>	<b>112</b>	<b>195</b>	<b>278</b>	<b>361</b>
<b>5.50</b>	<b>134</b>	<b>230</b>	<b>326</b>	<b>423</b>	<b>519</b>

# **Corn, Cash Rent, Cost of Production**

**2009 expenses with a \$24 direct payment and  
\$36 labor & management charge /acre**

## **Yield per Acre**

<b>Rent/Acre</b>	<b>150</b>	<b>175</b>	<b>200</b>
<b>\$157</b>	<b>4.48</b>	<b>3.84</b>	<b>3.36</b>
<b>200</b>	<b>4.77</b>	<b>4.09</b>	<b>3.58</b>
<b>250</b>	<b>5.10</b>	<b>4.37</b>	<b>3.83</b>
<b>300</b>	<b>5.43</b>	<b>4.66</b>	<b>4.08</b>

# Soybeans, Cash Rented

*FINBIN Database, Southern MN*

	2003	2004	2005	2006	2007	% Diff. 07 vs 03	\$ Diff. 07 vs 03
Seed	22.66	24.24	28.7	29.67	32.06	41%	9.40
Chemicals	22.5	17.19	21.27	19.32	21.24	-6%	-1.26
Fuel	8.59	10.96	14.72	16.15	16.88	97%	8.29
Crop insur.	10.92	13.69	12.34	12.89	16.44	51%	5.52
Rent	103.7	106.55	111.51	113.8	123.13	19%	19.42
Other	74.81	75.68	83.94	89.98	96.23	29%	21.42
Total cost	243.18	248.31	272.48	281.81	305.98	26%	62.80

# ***Soybeans, Cash Rented***

***FINBIN Database, Southern MN***

	2003	2004	2005	2006	2007	2008 Estimated	2009 Projected
Seed	22.66	24.24	28.7	29.67	32.06	34.30	46.31
Chemicals	22.5	17.19	21.27	19.32	21.24	27.61	33.13
Fuel	8.59	10.96	14.72	16.15	16.88	18.57	16.71
Crop insur.	10.92	13.69	12.34	12.89	16.44	26.30	18.41
Rent	103.7	106.55	111.51	113.8	123.13	137.91	154.45
Other	74.81	75.68	83.94	89.98	96.23	107.78	120.71
Total cost	243.18	248.31	272.48	281.81	305.98	352.47	389.73



# ***Soybeans, Cash Rent, Net Income Per Acre***

***Assumes 2008 projected expenses, \$24 direct payment/a.***

## **Yield per Acre**

<b>Price/Bu</b>	<b>38.4</b>	<b>43.2</b>	<b>48</b>	<b>52.8</b>	<b>57.6</b>
<b>6.00</b>	<b>-135</b>	<b>-107</b>	<b>-78</b>	<b>-49</b>	<b>-20</b>
<b>7.50</b>	<b>-78</b>	<b>-42</b>	<b>-6</b>	<b>30</b>	<b>66</b>
<b>9.00</b>	<b>-20</b>	<b>23</b>	<b>66</b>	<b>109</b>	<b>153</b>
<b>10.50</b>	<b>37</b>	<b>88</b>	<b>138</b>	<b>189</b>	<b>239</b>
<b>12.00</b>	<b>95</b>	<b>153</b>	<b>210</b>	<b>268</b>	<b>325</b>

# ***Soybeans, Cash Rent, Cost of Production***

***2009 expenses with a \$24 direct payment and  
\$28 labor & management charge /acre***

## **Yield per Acre**

<b>Rent/Acre</b>	<b>42</b>	<b>48</b>	<b>54</b>
<b>\$154</b>	<b>9.37</b>	<b>8.20</b>	<b>7.29</b>
<b>200</b>	<b>10.47</b>	<b>9.16</b>	<b>8.14</b>
<b>250</b>	<b>11.66</b>	<b>10.20</b>	<b>9.07</b>
<b>300</b>	<b>12.85</b>	<b>11.24</b>	<b>10.00</b>







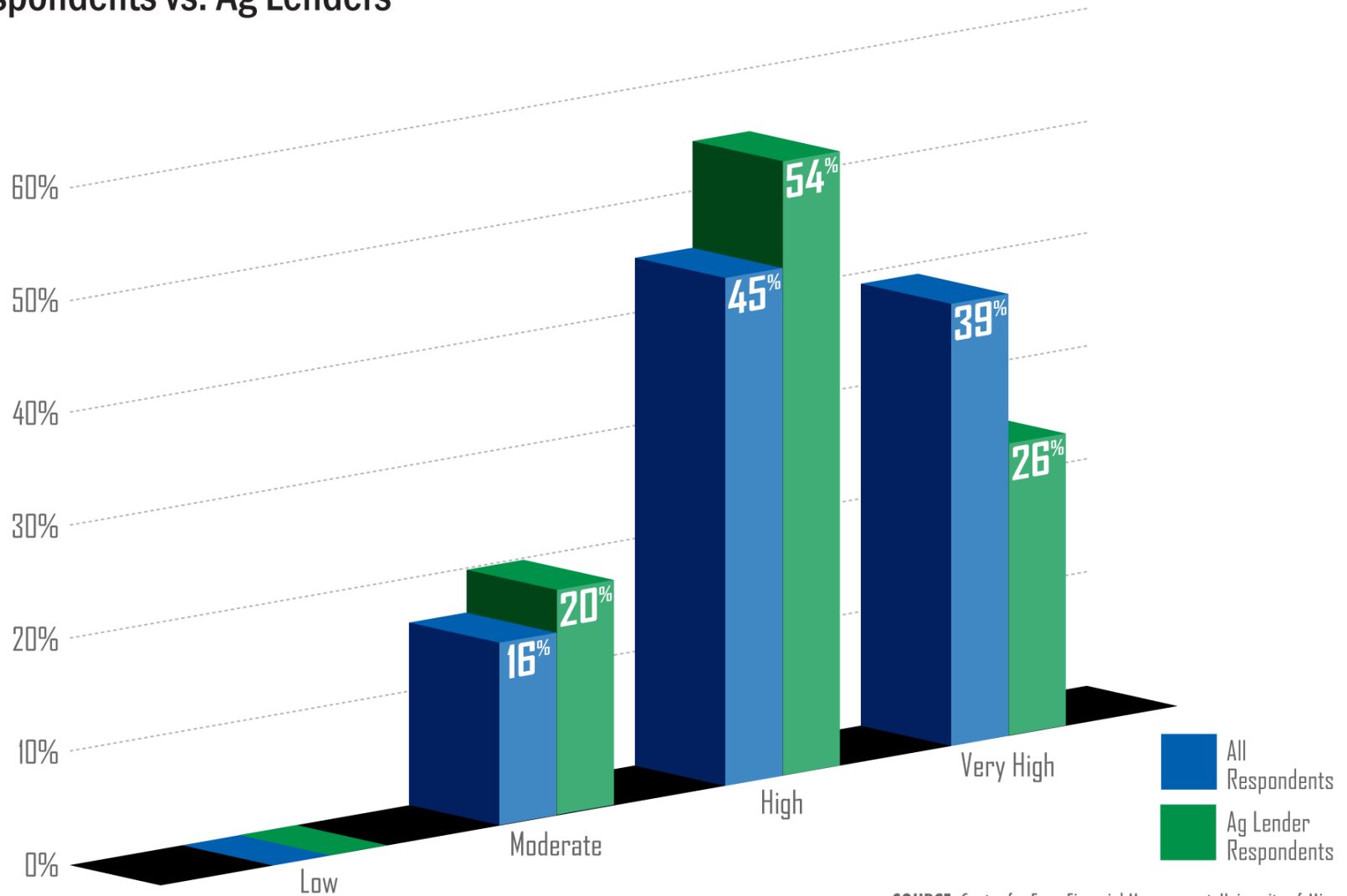
# Agricultural Financial Conditions 2009

Over 2,300 agricultural professionals responded, representing a broad cross-section of agriculture from all 50 states

<b>Distribution of Survey Respondents</b>	
<b>Ag lenders</b>	<b>21.1 %</b>
<b>Educators</b>	<b>42.8 %</b>
<b>Crop insurance</b>	<b>7.3 %</b>
<b>Consultants</b>	<b>6.3 %</b>
<b>Other</b> <ul style="list-style-type: none"><li>· Elevators</li><li>· Cooperatives</li><li>· Marketing brokers</li><li>· Non-Profits</li></ul>	<b>22.5 %</b>

# Agricultural Financial Conditions 2009

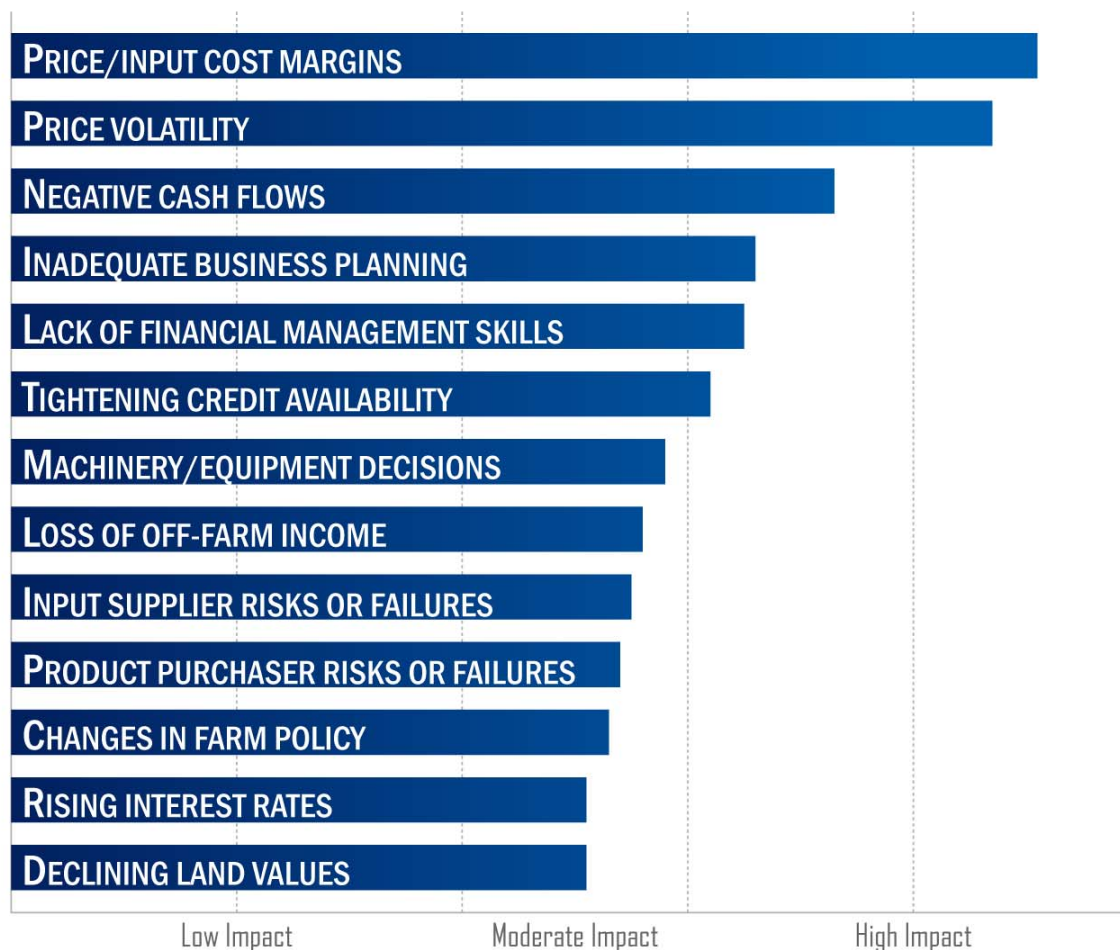
Probability that Agricultural Producers will Experience Financial Stress in the Next Three Years  
All Respondents vs. Ag Lenders



SOURCE: Center for Farm Financial Management, University of Minnesota  
Extension Risk Management Education regional centers  
[www.AgRisk.umn.edu](http://www.AgRisk.umn.edu)

# Agricultural Financial Conditions 2009

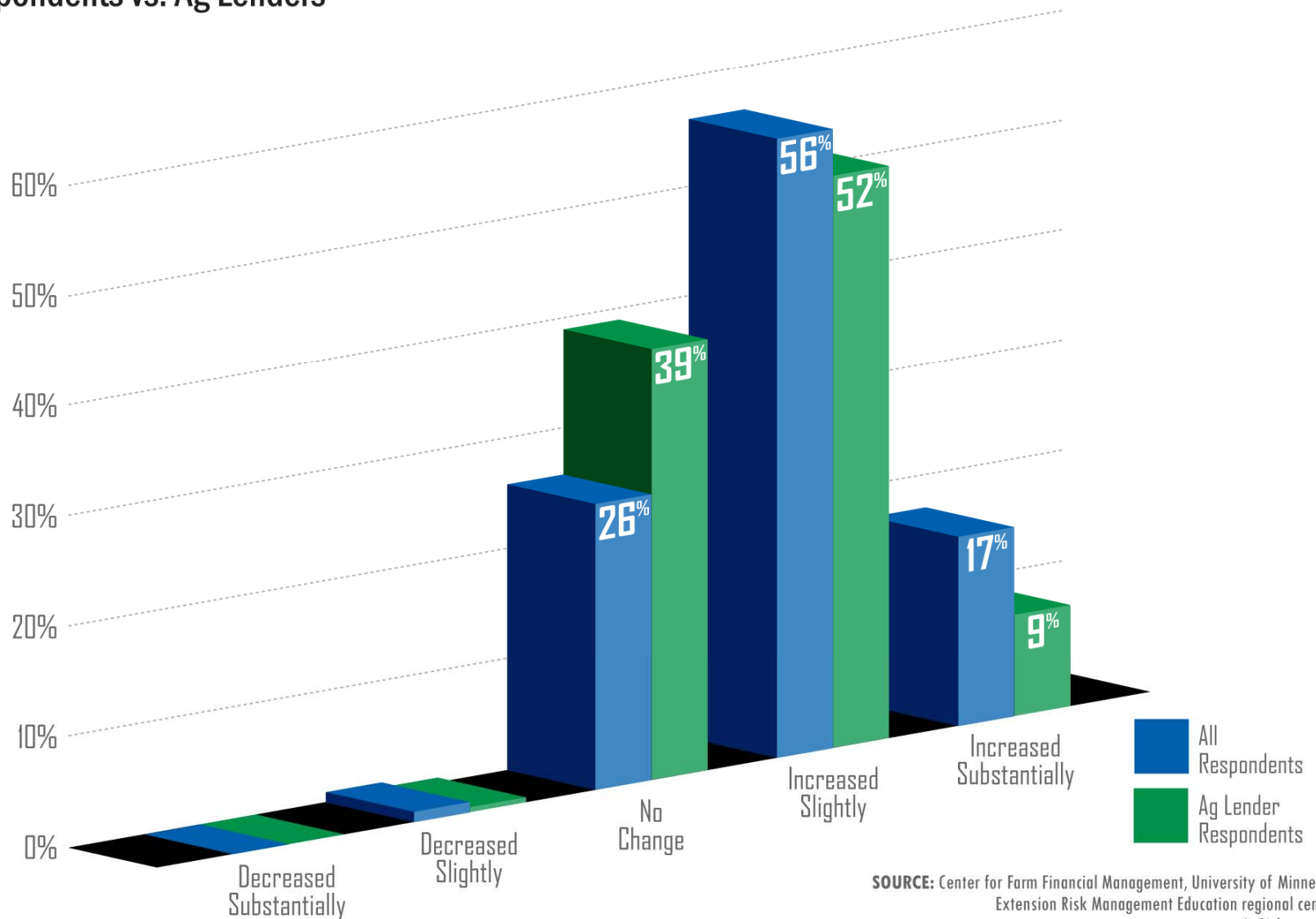
How Well Are Producers Equipped in Terms of Financial Management Skills to Manage Their Business Through a Period of Financial Stress





# Agricultural Financial Conditions 2009

Changes in the Documentation Required of Producers Requesting Financing from Lenders in Recent Months  
All Respondents vs. Ag Lenders



SOURCE: Center for Farm Financial Management, University of Minnesota  
Extension Risk Management Education regional centers  
[www.AgRisk.umn.edu](http://www.AgRisk.umn.edu)

# Thank you



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