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FARMER



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Farmers face '08 worries

By LON TONNESON

CHICAGO wheat futures hit \$9 per bushel during Big Iron in September. But I didn't see any farmers at North Dakota's largest outdoor farm show dancing a jig among the exhibits.

In fact, many people were downright gloomy.

"It is great to have higher grain prices, but a lot of it is already gone," said Roger Bendickson, Garrison, N.D., who attended Big Iron with his son, Nick.

Higher costs for land rent, fuel, fertilizer and machinery have already eaten up the grain price increases, he said.

Costs are downright "sinful," said Pam Holmquist, Chisago City, Minn.

Verna Hultman, Center City, Minn., echoed the sentiment. Higher grain prices didn't impress her. "Margins are the same."

Gene Hanson, Elbow Lake, Minn., who had his 2-year-old grandson Peyton with him, allowed that it was "pretty exciting" that wheat had beat its record price by \$2 per bushel.

"But how long will it last? That's the big question," he added.

Costs stay up

Everybody seemed to know the answer to one other important question: When will land rents and the price of machinery, fertilizer, chemical and seed come down?

"There's not one thing here [at Big Iron] that will go down in price when the wheat price goes down," said Betsy Jensen, a Stephen, Minn., farmer and Northland Community and Technical College farm business management instructor. She spoke at a marketing seminar sponsored by the Minnesota Association of Wheat Growers and North Dakota

Key Points

- Higher input costs dampen enthusiasm for higher prices.
- Some farmers fear costs will stay up when prices fall.
- Optimists see opportunity with high gross income.

Grain Growers Association held in conjunction with Big Iron.

History will repeat itself, predicted Randy Benson, Bisbee, N.D. In the late 1970s, when export sales to the Soviet Union caused grain prices to soar, input costs rose dramatically, too. When grain prices fell, land values eventually collapsed, but most other costs never came down.

"It's going to hurt a lot of people ... bury them like in the 1980s," he said.

High gross better

Mike Evenson, Hillsboro, N.D., was more optimistic, even though he had forward contracted his 2007 wheat crop and some of his 2008 crop before the latest price rally.

"I still got good prices," he said. "I'm happy. I'll forward contract more."

High grain prices are better than low prices, noted Larry Mueller, also of Hillsboro.

"You can find a way to manage costs if you have a high gross income," said Mueller, a Mycogen seed dealer. "If you have a low gross, you don't have anything to work with."

Evenson nodded in agreement. "If you can't have fun farming now, you probably never will," he said.

Truman Thykeson, Portland, N.D., has been through it all before.

"I'm glad I'm retired, and [my son] Brad has to make all the decisions and write checks of \$20,000 for fuel," he said. "If I were farming, I don't know how much of this prosperity I could stand."



HOW LONG? Gene Hanson, Elbow Lake, Minn., wonders how long high prices will last. He attended Big Iron with his grandson Peyton.

A shocker: \$60 more per acre to grow corn

MIKE Lockhart and Betsy Jensen, farm management instructors at Northland Community College, Thief River Falls, Minn., say their 2008 crop production cost projections are "shocking." Lockhart and Jensen, both farmers themselves, presented the information at a recent marketing meeting sponsored by the Minnesota Association of Wheat Growers and North Dakota

Grain Growers Association.

They project that it is going to cost \$60 per acre more to grow corn, \$30 to \$35 per acre more to grow wheat and \$15 to \$20 per acre more to grow soybeans in 2008 than in 2007. The 2008 figures, excluding land costs, are \$188.24 per acre to grow wheat, \$157.85 per acre to grow soybeans and \$331.39 per acre to grow corn. Add your local land rent to those numbers to get the

total expense. The costs are based on records from northwestern Minnesota farms enrolled in the Minnesota Farm Management Program and quotes for crop inputs from Red River Valley suppliers.

Lockhart and Jensen urge farmers to prepare for an extended run of higher costs, even if grain prices fall.

"We have a new plateau out there — a new cost plateau," Jensen says.

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