

to accept the selling price.

Get creative for corn

By consuming about 30% of the nation's corn crop, the ethanol industry pushed corn prices higher, explains Gary Cooper, chief operating officer for Cooper Farms. "In any business, if you use 30% of the supply, prices are going to go up."

Cooper Farms, based in Mercer and Auglaize counties, produces hogs, turkeys and eggs for table use. In all, the company uses 10 million bushels of corn annually, says Cooper. That means every \$1 increase in corn prices adds up to another \$10 million. Other feed ingredients have increased in price along with corn, he adds. "It pulls every other feed ingredient up."

In addition to increasing feed prices, ethanol production is also affecting availability of corn, says Cooper. "We have to be a little more innovative to get the corn."

For instance, they have started a new loyalty program to encourage corn producers to become steady suppliers.

Distillers grains can replace some other feed ingredients in swine and poultry diets, but the inclusion rate isn't as high as it can be for cattle, Cooper points out. They've used 5% to 10% DDG in some diets. However, inconsistent quality has been a problem.

Diversify

One strategy that has helped the company is diversification. Fifteen years ago, they began processing some of their turkey into cooked meat products. "That moved us out of the commodity world for that portion of our business," he explains.

Despite current challenges, Ohio offers many benefits for livestock and poultry producers, says Cooper. One advantage is proximity to consumers.

"We can hit half the country's population within an overnight drive," he points out.

Maximize manure

As fertilizer prices go up, farmers are seeing an increase in the value of manure. The Wolfingers are using a composting machine to process their manure with straw as a carbon source. The end result will have an analysis of about a 10-10-10, Jake explains. With it they hope to eliminate the need to purchase phosphorus and potash.

Cooper Farms is also seeing more value in manure. They've never had a problem finding people who want manure, Cooper says. "It's a question of what we get for it." While the going price used to be \$5 a ton, it appears to be heading toward the \$30 or \$40 range, depending on the N-P-K makeup.

Buckeye growers looking at red ink

By **TIM WHITE**

KEITH Beam had a lot on his mind as he combined his corn last month.

First of all, large patches of the crop had been blown over, and maneuvering the corn reel to move the sheaves into the header took some attention.

Second, the price for the crop had fallen — maybe not as fast as the lodging stalks, but fast enough to make him think about the economics of planting corn next year.

"I guess fertilizer prices have come down some, and fuel will be less," he said. "But it's still a stretch to think you can make money with inputs this high and crop prices where they are."

It's a question that farmers have been asking Barry Ward this fall.

"The budgets looked better with the commodity prices we had three months ago," says the Ohio State Extension econ-

Key Points

- Higher inputs, lower prices hit crop budgets.
- Fuel and fertilizer prices are leveling off.
- Unless prices rebound, crops won't show a profit.

omist. "We are still guessing a little about where these prices are going to go, but it seems that fertilizer and fuel are the two input costs that have at least leveled off somewhat."

Fertilizer especially has been the big factor in the ballooning cost side of the budget in the past year. Costs for phosphorus and potassium fertilizers were most influenced by the rising commodity prices over the past two years, says Robert Mullen, OSU agronomist.

"After commodity prices increased in the fall/winter of 2006, demand for fertilizer products increased the

following year," Mullen says. "Additionally, South America and eastern Asia increased their imports of both P and K. These events put severe pressure on fertilizer supplies."

As for nitrogen products, natural gas, which makes up 80% of the cost of anhydrous ammonia, was increasing in price, Mullen adds. Biofuel demand also had an impact on fertilizer N prices as more acreage was planted to corn.

Fertilizer, fuel forecast

In the fall of 2007, the dollar was weakening substantially in the world financial market, making other countries more attractive for global P and K producers. Fuel price for material transport also increased rapidly.

"The convergence of these factors caused fertilizer prices to increase rapidly to the levels we have seen this past summer," Mullen says.

Lower grain prices, a

Try your figures with worksheet

As usual, OSU Extension economist Barry Ward has made his production budgets available online at the OSU Agricultural, Environmental and Developmental Web site in an Excel file that you can use to enter your figures for each category.

You can also access this Web site from www.OhioFarmer.com by looking in the Web Exclusives listings that note all of the Web addresses printed in this publication. Simply click, and go.

stronger dollar and decreased demand have helped drop prices this fall. So, what are the long-term forecasts?

"It appears as if N and P prices will ease a little, but expect K prices to remain up until additional capacity becomes available in the next few years," Mullen says.

Look for farmers to take advantage of sidedressing or banding fertilizer as they cut back, says Ward.

"Soil test, soil test, soil test," adds Mullen. "This can save you a tremendous amount of money in fertilizer this year if your soil test levels allow."

So here's what the budgets look like. While fuel and other petroleum costs are projected to be about 12.5% less this year, chemical costs have increased about 27%. Fertilizer overall is forecast to be 40% to 50% above a year ago. Soybean seed costs are up nearly 25%, and seed corn has bounced up 22%. Interest on operating capital is up about 30%.

In all, total variable costs for a conservation-tillage corn crop are 29.94% above what they were last year. Total variable costs for Roundup Ready soybeans have increased 34.57%.

Break-even costs for a 150-bushel-per-acre corn crop come to \$4.74 per bushel. The break-even for a 46-bushel-per-acre soybean crop is running \$10.09 per bushel.

"If corn prices bounce back to \$5-plus a bushel, and soybeans go to \$10 a bushel, things look OK," says Ward. "But at today's prices, farmers are looking at some red ink next year."

2008 corn production budget

Conservation till	2005	2006	2007	2008	2009	'07 to '08	'08 to '09
Variable costs			177 bu.	181 bu.	184 bu.	% change	% change
Seed (kernels)	\$37.40	\$38.34	\$39.37	\$69.70	\$85.00	77.03%	21.95%
N (pounds)	\$48.76	\$60.80	\$54.69	\$87.79	\$125.72	60.54%	43.21%
P ₂ O ₅ (pounds)	\$17.76	\$18.50	\$20.47	\$57.57	\$79.67	181.29%	38.39%
K ₂ O (pounds)	\$11.38	\$12.96	\$13.69	\$23.78	\$36.93	73.68%	55.28%
Lime	\$5.50	\$5.50	\$5.50	\$5.88	\$6.25	6.82%	6.38%
Chemicals	\$24.42	\$24.42	\$24.42	\$26.86	\$34.00	9.99%	26.58%
Drying - fuel & electric only	\$20.80	\$24.00	\$28.32	\$19.91	\$20.24	-29.70%	1.66%
Trucking - fuel only	\$6.41	\$6.47	\$10.62	\$16.29	\$27.60	53.39%	69.43%
Fuel, oil, grease	\$8.71	\$10.36	\$9.61	\$21.57	\$18.87	124.35%	-12.50%
Repairs	\$10.72	\$10.72	\$10.66	\$10.68	\$10.68	0.19%	0.00%
Crop Insurance	\$6.06	\$6.06	\$12.00	\$17.00	\$20.40	41.67%	20.00%
Miscellaneous	\$8.00	\$8.00	\$8.00	\$8.00	\$9.00	0.00%	12.50%
Int. on Oper. Cap.	\$6.54	\$8.57	\$9.28	\$17.26	\$22.39	86.00%	29.70%
Total variable costs							
Per acre	\$212.46	\$234.69	\$246.63	\$382.29	\$496.75	55.00%	29.94%
Per bushel	\$1.33	\$1.47	\$1.39	\$2.11	\$2.70	51.58%	27.82%

Roundup Ready soybean production budget

No-tillage practices	2005	2006	2007	2008	2009	'07 to '08	'08 to '09
Variable costs			55 bu.	56 bu.	60 bu.	% change	% change
Seed	\$36.00	\$36.90	\$37.98	\$41.94	\$52.20	10.43%	24.46%
Fert. P ₂ O ₅ (pounds)	\$13.20	\$13.75	\$13.75	\$38.51	\$56.17	180.08%	45.86%
K ₂ O (pounds)	\$17.46	\$19.89	\$19.59	\$38.15	\$62.44	94.73%	63.65%
Lime (ton)	\$5.50	\$5.50	\$5.50	\$5.88	\$6.25	6.82%	6.38%
Chemicals	\$21.10	\$21.10	\$21.10	\$21.10	\$30.00	0.00%	42.18%
Trucking - fuel only	\$2.20	\$2.22	\$3.30	\$5.04	\$9.00	52.73%	78.57%
Fuel, oil, grease	\$5.15	\$6.12	\$6.97	\$15.58	\$13.63	123.34%	-12.50%
Repairs	\$7.80	\$7.80	\$7.80	\$7.71	\$8.10	-1.17%	5.04%
Crop Insurance	\$4.70	\$4.70	\$8.00	\$15.50	\$18.60	93.75%	20.00%
Miscellaneous	\$7.00	\$7.00	\$7.00	\$7.00	\$8.00	0.00%	14.29%
Int. on Oper. Cap.	\$3.24	\$4.02	\$4.45	\$7.18	\$9.58	61.42%	33.50%
Total variable costs	\$123.35	\$129.00	\$135.44	\$203.58	\$273.97	50.31%	34.57%
	\$2.24	\$2.35	\$2.46	\$3.64	\$4.57	47.62%	25.60%

SOURCE: OSU EXTENSION