

AgriProfit\$ Cost & Returns Profiles

Dryland Spring Wheat Black Soils

16-July-12



griProfit\$ Cost & Returns Profiles give an insight into the productive and economic performance of Alberta cereal, oilseed, forage and grazing crops, reported by soil or grass-type zone.

This benchmark includes *AgriProfit*\$ crop observations from the period of 2008 – 2010. Averaging over a 3 year span smoothes out extremes in prices, yields and expenses. This gives a better reflection of the crops' average unit

production costs and profit potential.

Regional average performance for the crop is compared to a "top third" management group. Fields included in the top management group are drawn from the lowest cost third, as rated by total production cost per unit of output for that crop, in that area, for each of the years.

The 3-year summary table, and a range of frequency charts (over) highlight field level variability in key cost and returns tallies. This emphasizes further the need for producers to know and use their own crop unit costs in managing their businesses.

For further information, contact:

Dale A. Kaliel Sr. Economist: Production Economics (dale.kaliel@gov.ab.ca) or,

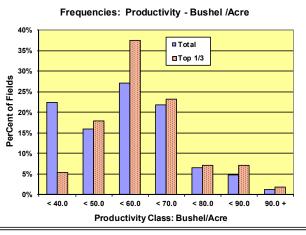
Jason Wood Crops Economist (jason.wood@gov.ab.ca)

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AgriProfit\$ Cost & Returns Profiles									
Cre	:ao	Dryland Spring Wheat	Total	Top 1/3rd	Total	Top 1/3rd			
		Black Soils	\$ / Acre		\$/Bi	\$ / Bushel			
(A)	1	Crop Sales	298.98	328.74	5.57	5.79			
(,,,	6.	Other Revenues	9.88	10.73	0.18	0.19			
		Gross Return	308.86	339.47	5.76	5.98			
(B)	1.	Seed	18.58	16.56	0.35	0.29			
	2.	Fertilizer	67.25	55.74	1.25	0.98			
	3.	Chemicals	30.35	23.55	0.57	0.41			
	4.	Crop Insurance Premiums	13.59	9.93	0.25	0.17			
	5.	Trucking & Marketing	2.39	1.89	0.04	0.03			
	6.	Fuel	13.77	13.85	0.26	0.24			
	7.	Irrigation Fuel & Electricity	0.00	0.00	0.00	0.00			
	8.	Repairs - Machinery	11.66	9.74	0.22	0.17			
	9.	Repairs - Buildings	3.80	2.52	0.07	0.04			
		Utilities & Misc. Expenses	10.64	7.24	0.20	0.13			
		Custom Work & Specialized Labour	3.27	1.10	0.06	0.02			
		Operating Interest Paid	2.28	1.24	0.04	0.02			
		Paid Labour & Benefits	11.63	6.75	0.22	0.12			
	14.	Unpaid Labour	8.03	6.74	0.15	0.12			
		Variable Costs	197.25	156.86	3.68	2.76			
(C)	1.	Cash/Share Rent & Land Lease	28.00	9.90	0.52	0.17			
()	2.	Taxes, Water Rates, Lic. & Insurance	5.07	5.91	0.09	0.10			
	3.	Equip. & Bldg. a) Depreciation	36.25	38.59	0.68	0.68			
		b) Lease Payments	2.96	0.77	0.06	0.01			
	4.	Paid Capital Interest	7.94	6.75	0.15	0.12			
		Total Capital Costs	80.21	61.93	1.49	1.09			
(D)		Cash Costs (B+C-B14-C3)	233.17	173.45	4.35	3.05			
(E)		Total Production Costs (B+C)	277.46	218.79	5.17	3.85			
(F)		Gross Margin (A-D)	75.68	166.01	1.41	2.92			
(' /		Return to Unpaid Labour (A-E+B14)	39.43	127.42	0.73	2.24			
		Return to Investment (A-E+C4)	39.33	127.42	0.73	2.24			
		Return to Equity (A-E)	31.40	120.67	0.59	2.13			
		Return on Investment (%)	2.9	7.3	7				
		Total Investment (\$/acre)	1,377	1,743					
		Management			<u> </u>				
		Average field size (acres)	146.2	145.0					
		Number of Observations	169	56					
		Yield (Bushels/acre)	53.66	56.78					
		Expected Price (\$/Bushel)	5.57	5.79					
	* Cost and returns profiles include/combine all tenure types ow ned, rented & leased. ** Top 1/3rd selection criteria: Low Total Production Cost / Bushel								

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Descriptive Statistics: Spring Wheat Production - Total Group

Crop: Dryland Spring Wheat	Qua	rtiles	Group			
Zone: Black Soils	Low	High	Average	CV (%)		
Price (\$/Bushel)	5.00	6.00	5.57	14.2		
Yield (Bushel/Acre)	40.41	62.50	53.66	28.7		
		\$ / Acre				
Gross Revenue	225.00	353.06	308.86	34.4		
Seed, Fert, Chem	94.00	138.00	116.18	30.0		
Oth. Variable Costs	55.64	103.40	81.07	38.1		
Fixed Costs	55.67	97.89	80.21	36.3		
Total Production Costs	228.46	332.01	277.46	26.1		
Total Cash Costs	180.91	290.15	233.17	30.8		
Gross Margin	(22.04)	142.15	75.68	143.6		
Return to Equity	(64.92)	104.03	31.40	346.3		



Frequencies: Seed, Fert & Chem Costs / Bushel 40% ■ Total 35% ■Top 1/3 30% **PerCent of Fields** 25% 20% 15% 10% 5% < \$1.00 < \$1.50 < \$2.00 < \$2.50 < \$3.00 < \$3.50 Cost Class: \$/Bushel

