

# Assignment 1

- Calculate 2008 breakeven prices

	Corn	Soybean	Wheat		
<b>Variable Cost</b>					
Fertilizer \$/Acre					
Seed \$/Acre					
Pesticides \$/Acre					
Machinery fuel & repairs \$/Acre					
Custom work & seasonal hired labor \$/Acre					
Crop insurance \$/Acre					
Interest and other expenses \$/Acre					
Drying charge \$/Acre					
Storage handling charge \$/Acre					
<b>Total variable cost \$/Acre</b>					
<b>Fixed Cost</b>					
Machinery/building ownership cost (\$/Acre)					
Labor cost (unpaid and hired labor) (\$/Acre)					
Utilities (Electricity, gas, telephone...) (\$/Acre)					
<b>Total fixed cost (\$/Acre)</b>					
Land use cost (\$/Acre)					
<b>TOTAL COST (variable + fixed+land) (\$/Acre)</b>					
<b>Government payments (\$/Acre)</b>					
<b>Yield (bu/Acre)</b>					
<b>Breakeven Price (\$/bu) (Total cost-gov payments)/yield</b>					

- An approximation of machinery ownership cost can be easily calculated using the following numbers:
  - Combines 12.4% of listed price
  - Planters & drills 10.9% of listed price
  - Tillage equipment 11% of listed price

- Tractors 10.4% of listed price
- Calculate 2009 predicted breakeven prices

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Machinery/building ownership cost (\$/Acre)					
Labor cost (unpaid and hired labor) (\$/Acre)					
Utilities (Electricity, gas, telephone...) (\$/Acre)					
<b>Total fixed cost (\$/Acre)</b>					
Land use cost (\$/Acre)					
<b>TOTAL COST (variable + fixed+land) (\$/Acre)</b>					
<b>Government payments (\$/Acre)</b>					
<b>Expected Yield (bu/Acre)</b>					
<b>Breakeven Price (\$/bu) (Tot cost-gov payments)/yield</b>					

- Estimate monthly cash flow needs for 2009 by adjusting 2008 cash flows based on changes in the operation or input cost changes.