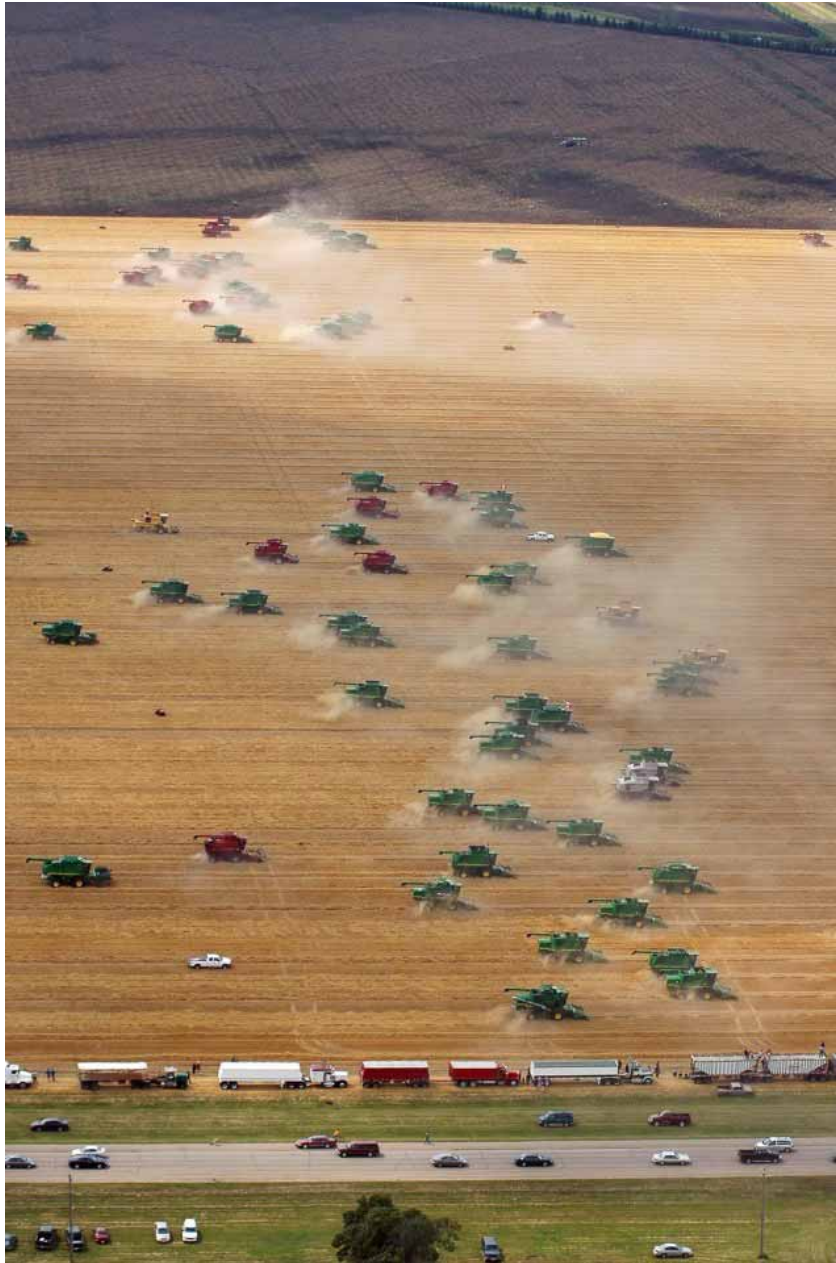


Wheat

Marketing & Production Budgets

Chuck Danehower
Area Specialist – Farm Management



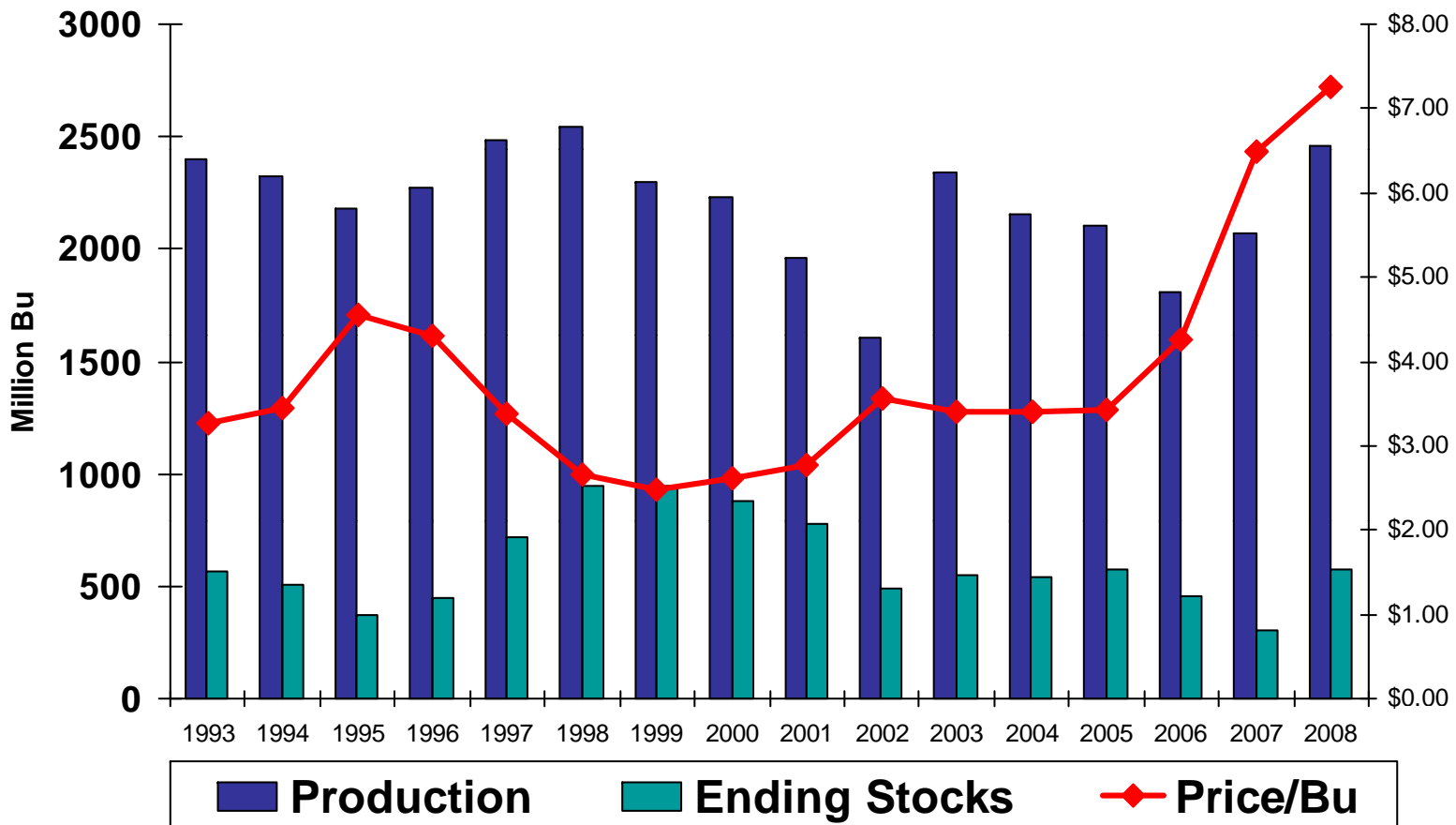
Record setting harvest was done in 2008, in Norton, Kansas 160 acres was harvested with 100 combines and several grain trucks in 10 minutes and 15 seconds. This record will be entered in the Guinness World. Proceeds of this crop is to be sent to a kids camp.

2009 Plans ?

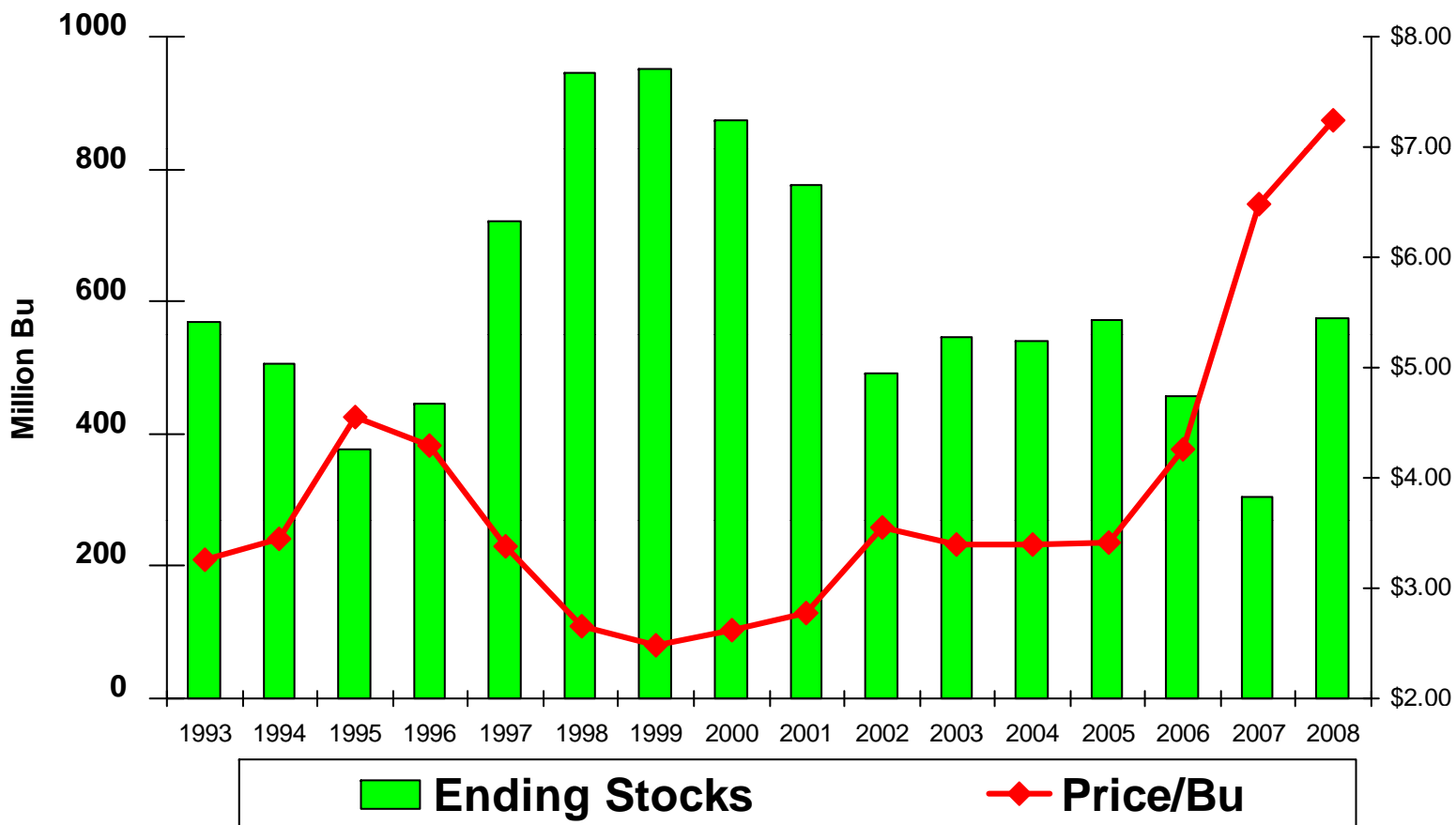
- If you are thinking about Wheat you are starting your 2009 plan.
- If you have contracted any crops you have already started your 2009 plan.



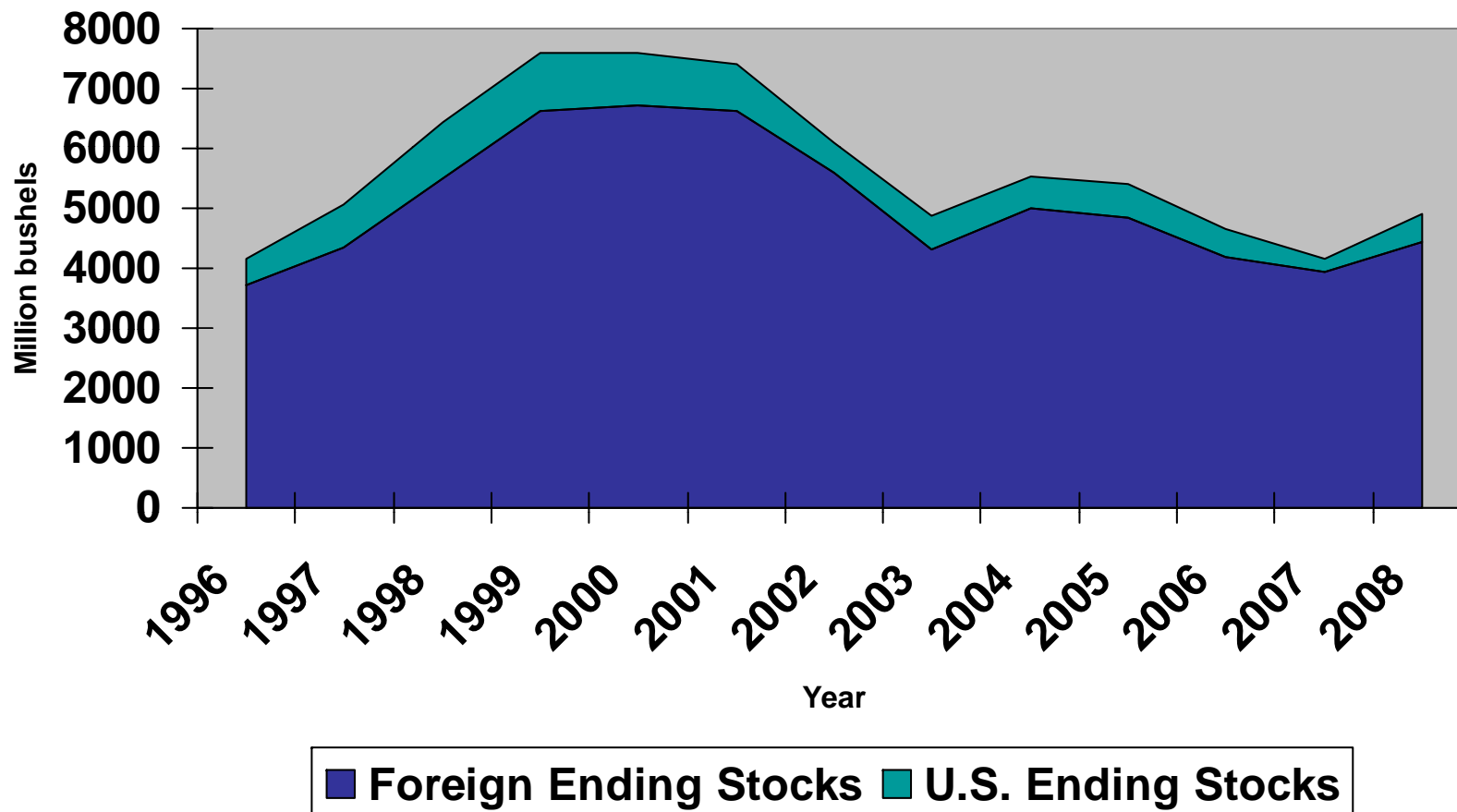
Wheat Production, Ending Stocks, and Price, 1993-2008



U.S. Wheat Ending Stocks and Price, 1993-2008



U.S. & Foreign Wheat Ending Stocks, 1996-2008



Supply/Demand Comparison:2006-2008

Wheat

	-----Supply/Demand -----		
	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>
Beginning Stocks(MB)	571	456	306
Acres (MPA)	57.3	60.4	63.5
Acres (MHA)	46.8	51.0	56.6
Yield	38.7	40.5	43.5
Supply(M. Bu)	2505	2631	2868
Use:			
Food	934	950	960
Seed	81	88	84
Feed	125	30	250
Exports	909	1267	1000
Ending Stocks	456	306	574
Projected Price	\$4.26	\$6.48	\$6.50

Marketing Opportunities: Wheat

- Cash Forward Contract 2009,
\$5.39 - \$5.69
- 2009 Crop
 - Jul 2009 Futures, \$8.19
 - Jul Put Option, \$8.20 for \$1.00
 - Jul Call Option, \$9.20 for \$.92

Input Cost Have Increased

	From 07 to 08	Expected 08 to 09?
• Nitrogen	+50%	+48%
• Potash	+127%	+65%
• DAP	+114%	+25%
• Lime	+22%	+25%
• Diesel	+100%	?
• Chemicals	+ 3 - 5%	+25%
• Seed	minimum	+25%
• Land	+ ?	?

Input Cost Expected to Increase

	From 07 to 08	Expected 08 to 09 ?
• Cotton	+ 31%	+20%
• Corn	+63%	+28
• Milo	+52%	+25
• Soybeans	+57%	+15%
• Wheat	+56%	+17%



Wheat Production Costs

Variable Expenses

Cost per Acre

Seed & Treatment	\$ 54.00
Fertilizer(includes lime)	\$ 161.00
Chemicals	\$ 24.00
Fuel & Repairs	\$ 55.00
Operating Interest	\$ 12.00
Total Variable Expenses	\$ 306.00

Wheat

How does wheat compare to other crops?

Observations

- Above average production needed for sustained profitability.
- Marketing is trickier due to increasing input costs.
- Watch for opportunities for lower input costs – plan ahead.



Observations

- Net profit margins may be reduced – more is at risk, crop insurance may be an necessity.
- Diversification – spread your production risk
 - Diversify among crops
 - Diversify among maturity groups, varieties
- Develop a whole farm financial plan.
 - Know where you are and where you are going.

