

# Budget Considerations for Wide-Row Dryland Cotton

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Financial And Risk Management Assistance

Department of Agricultural Economics

Texas A&M AgriLife Extension Service

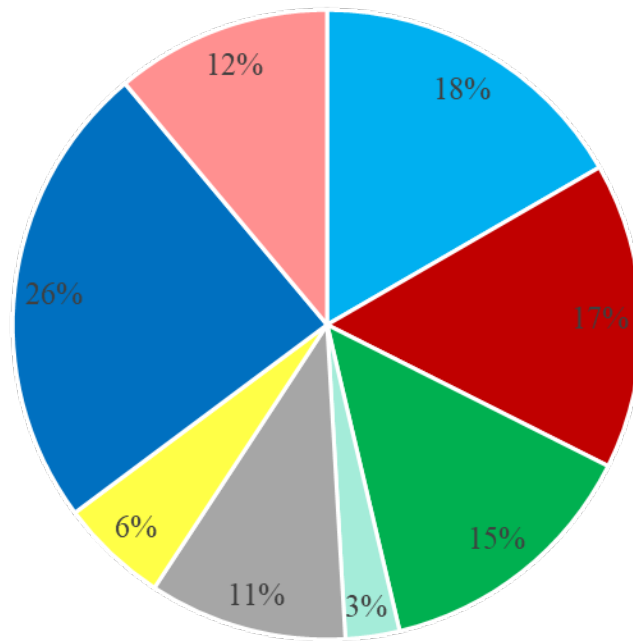


# Budget Layout

		Crop Acres		122							
Revenues		REVENUE		Quantity	Units	\$/Unit	Total	Enterprise			
								Total			
	Cotton Lint			1,000.00	Pound	\$0.70	\$700.00			\$85,400.00	
	Cottonseed			0.71	Ton	\$180.00	\$127.80			\$15,591.60	
	Total Revenue						\$827.80			\$100,991.60	
Expenses		VARIABLE COSTS		Quantity	Units	\$/Unit	Total	Enterprise			
								Total			
	Production Costs										
	Custom										
	Fertilizer										
	Fertilizer Application - Liquid High			1	Acre	\$4.75	\$4.75			\$579.50	
	Scouting			1	Acre	\$9.00	\$9.00			\$1,098.00	
	Strip and Module - Cotton			1000	Pound	\$0.08	\$80.00			\$9,760.00	
	Ginning - Cotton			31.25	CWT	\$2.80	\$87.50			\$10,675.00	
	Herbicide										
	Fertilizer (P) - Liquid			25	Pound	\$0.44	\$11.00			\$1,342.00	
	Fertilizer (N) - Liquid			90	Pound	\$0.35	\$31.50			\$3,843.00	
	Insecticide										
	Herbicide - Cotton Preplant			1	Acre	\$4.00	\$4.00			\$488.00	
	Herbicide - Cotton At Plant			1	Acre	\$8.50	\$8.50			\$1,037.00	
	Herbicide - Cotton Postplant			1	Acre	\$40.00	\$40.00			\$4,880.00	
	Spot Spray and Chemical			0.2	Acre	\$15.00	\$3.00			\$366.00	
	Miscellaneous										
	Insecticide and Apply Cotton			1	Acre	\$12.00	\$12.00			\$1,464.00	
	Boll Weevil Assessment Irrigated			2.5	Bale	\$0.00	\$0.00			\$0.00	
	Seed										
	Crop Insurance Cotton - Irrigated			1	Acre	\$35.00	\$35.00			\$4,270.00	
	Other Labor										
	Seed - Cotton Irrigated			40	Thousand	\$1.59	\$63.60			\$7,759.20	
	Hoeing			0.2	Acre	\$15.00	\$3.00			\$366.00	
	Other Chemicals										
	Irrigation										
	Harvest Aid Apply Cotton Irrigated			1	Acre	\$12.00	\$12.00			\$1,464.00	
	Machinery Labor										
	Energy Cost			10.00	AcreInch	\$10.00	\$100.00			\$12,200.00	
	Irrigation Labor			1.00	Hour	\$12.00	\$12.00			\$1,464.00	
	Diesel Fuel										
	Tractors/Self-Propelled			0.74	Hour	\$12.00	\$8.88			\$1,083.36	
	Other Labor			0.86	Hour	\$12.00	\$10.32			\$1,259.04	
	Gasoline										
	Tractors/Self-Propelled			4	Gallon	\$1.90	\$7.60			\$927.20	
	Repairs & Maintenance										
	Pickup/General Use Equipment			1	Acre	\$4.51	\$4.51			\$550.00	
	Interest on Credit Line										
	Pickup/General Use Equipment			1	Acre	\$0.50	\$0.50			\$61.00	
	Irrigation Equipment			1	Acre	\$19.00	\$19.00			\$2,318.00	
	Tractors/Self-Propelled			1	Acre	\$6.00	\$6.00			\$732.00	
	Implements			1	Acre	\$3.00	\$3.00			\$366.00	
	Total Variable Costs						\$10.10			\$1,232.32	
	Planned Returns Above Variable Costs:						\$586.76			\$71,584.62	
	Breakeven Price to Cover Variable Costs					\$0.46	Pound			\$29,406.98	
Return		FIXED COSTS		Quantity	Units	\$/Unit	Total	Enterprise			
								Total			
	Equipment Fixed Costs										
	Pickup/General Use Equipment			1	Acre	\$1.25	\$1.25			\$152.50	
	Irrigation Equipment			1	Acre	\$55.00	\$55.00			\$6,710.00	
	Tractors/Self-Propelled			1	Acre	\$12.00	\$12.00			\$1,464.00	
	Implements			1	Acre	\$10.00	\$10.00			\$1,220.00	
	Management Fee, Owner/Operator Labor			1	Acre	\$25.00	\$25.00			\$3,050.00	
	Cash Rent - Cotton Irrigated			1	Acre	\$85.00	\$85.00			\$10,370.00	
	Total Fixed Costs						\$188.75			\$22,966.50	
	Total Specified Costs						\$775.01			\$94,551.12	
	Returns Above Specified Costs						\$52.79			\$6,440.48	
	Breakeven Price to Cover Total Costs					\$0.65	Pound				

# Variable Costs (40'')- \$300/A

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■ Seed ■ Herbicide ■ Crop Ins. ■ Interest ■ Repairs/Fuel ■ Labor ■ Harvest ■ Other

# Partial Budget Analysis

## Traditional (40")

- Revenue: \$364/A (400# yield)
- Seed cost (32K): \$55
- Other VC: \$245
- **RAVC: \$64**

## Wide- row (80")

- Revenue: \$364/A (400# yield)
- Seed cost (16K): \$27
- Other VC: \$245
- **RAVC: \$93**

- Revenue based on **\$0.75**/# lint price and **\$225**/ton seed price.
- **\$29/A** increase in RAVC with wide-row cotton at equivalent yield level.
- Break-even yield decline in wide-row system would be **40#/A** (10%) decline to **360#/A**

# Commodity Prices

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	<u>2022</u>	<u>2023</u>	<u>2024</u>
❑ Cotton (Dec):	\$0.94/lb.	\$0.85/lb.	\$0.80/lb.
❑ Cottonseed:	\$270/ton	\$330/ton	\$270/ton
❑ Corn (Dec):	\$5.54/bu.	\$5.93/bu.	\$4.88/bu.
❑ Sorghum:	\$10.27/cwt.	\$10.60/cwt.	\$8.60/cwt.
❑ Wheat (July):	\$7.66/bu.	\$8.11/bu.	\$6.26/bu.
❑ Peanuts:	\$532/ton	\$658/ton	\$590/ton

# Input prices

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	<u>2022</u>	<u>2023</u>	<u>2024</u>
❑ UAN 32 (N) :	\$683/ton	\$521/ton	\$394/ton
❑ 10-34-0 (P):	\$800/ton	\$740/ton	\$599/ton
❑ Diesel:	\$3.72/gal	\$4.15/gal	\$3.07/gal
❑ Natural Gas:	\$3.717/*	\$2.559/*	\$2.765/*
❑ Prime Rate:	3.25%	7.75%	8.50%

\*MMBtu

# South Plains Profitability

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**Sponsored by the Texas Cotton State Support Committee**

### **Profitability Spreadsheet and other Decision Aids**

A project of Texas AgriLife Extension supported by a grant from the Texas Cotton State Support Committee. The primary goals of the project are to develop a spreadsheet tool to enable South Plains farmers to quickly and accurately evaluate the relative profitability of all relevant crops. The spreadsheet can be downloaded below and is available to anyone to use. For information, call Will Keeling at 806-746-6101.

[Download Profitability Spreadsheet](#) (2023)

[Download PLC Calculator for South Plains Producers](#) (for 2022 Crop)

- [Southplainsprofit.tamu.edu](http://Southplainsprofit.tamu.edu)
- Google: south plains profit

# Contact Information

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