

ProfitTalk

Simple perspective on disciplined grain marketing for producers

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HIGH \$ NITROGEN EFFECT

One of the most heard comments of recent days has been “I can’t forward contract any grain because the input costs have gone up so much.” Have you done the math? In an environment where increased emotion and stress are likely, it’s more important than ever to crunch the numbers and have a plan. Doing the math helps separate perceived truth from what is actually true and gives you a firm footing to make decisions on.

Here are a couple of examples. These are a starting point but it is especially **important** in this environment of farming to know your cost of production and update it with actual numbers (once you lock in that nitrogen) or a monthly update of current costs for things that aren’t locked in yet.

Breakeven Bushels Analysis

11/2/2021	Corn	Soybeans
2022 Harvest Bid	\$5.37	\$11.92
Cost / Acre	\$1,025	\$605
Breakeven Bushels	191	51
Average Yield	220	60
Profit Bushels	29	9

*Profit Analysis based on new crop prices,
a 300% increase in nitrogen cost for corn,
and a \$30/acre increase in cost on soybeans.*

Profit Bushels Analysis

Corn		Soybeans	
Profit Bu.	29	Profit Bu.	9
Price	Profit/acre	Price	Profit/acre
\$3.00	\$87	\$10.00	\$92
\$3.20	\$93	\$10.20	\$94
\$3.40	\$99	\$10.40	\$96
\$3.60	\$105	\$10.60	\$98
\$3.80	\$111	\$10.80	\$100
\$4.00	\$116	\$11.00	\$102
\$4.20	\$122	\$11.20	\$104
\$4.40	\$128	\$11.40	\$105
\$4.60	\$134	\$11.60	\$107
\$4.80	\$140	\$11.80	\$109
\$5.00	\$146	\$12.00	\$111
\$5.20	\$151	\$12.20	\$113
\$5.40	\$157	\$12.40	\$115
\$5.60	\$163	\$12.60	\$116
\$5.80	\$169	\$12.80	\$118
\$6.00	\$175	\$13.00	\$120
\$6.20	\$181	\$13.20	\$122
\$6.40	\$186	\$13.40	\$124
\$6.60	\$192	\$13.60	\$126
\$6.80	\$198	\$13.80	\$128
\$7.00	\$204	\$14.00	\$129

Breakeven Bushels Analysis

11/2/2021	Corn	Soybeans
2022 Harvest Bid	\$5.37	\$11.92
Cost / Acre	\$1,025	\$575
Breakeven Bushels	191	48
Average Yield	220	60
Profit Bushels	29	12

*Profit Analysis based on new crop prices,
a 300% increase in nitrogen cost for corn,
and no increase in cost on soybeans.*

*(Assumption that if cuts are made
this is most likely to be considered)*

As you can see, even at today's new crop bids in upper Midwest corn and beans are still returning very close to \$150 per acre profit. Nothing like the \$300 to \$400 experienced in 2020, but it's something that really needs to be a top priority over the next 6 months. We hope this helps with your marketing plan, and don't hesitate to call or come in to work through **YOUR** numbers.

Profit Bushels Analysis

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\$3.80	\$111	\$10.80	\$127
\$4.00	\$116	\$11.00	\$129
\$4.20	\$122	\$11.20	\$132
\$4.40	\$128	\$11.40	\$134
\$4.60	\$134	\$11.60	\$136
\$4.80	\$140	\$11.80	\$139
\$5.00	\$146	\$12.00	\$141
\$5.20	\$151	\$12.20	\$143
\$5.40	\$157	\$12.40	\$146
\$5.60	\$163	\$12.60	\$148
\$5.80	\$169	\$12.80	\$151
\$6.00	\$175	\$13.00	\$153
\$6.20	\$181	\$13.20	\$155
\$6.40	\$186	\$13.40	\$158
\$6.60	\$192	\$13.60	\$160
\$6.80	\$198	\$13.80	\$162
\$7.00	\$204	\$14.00	\$165