

Positive projections

■ Prospects for 2012 crop returns look strong

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FARGO, N.D. — Despite higher costs and uncertain grain markets, crop budget projections indicate strong returns for 2012, according to Andy Swenson, North Dakota State University Extension Service farm management specialist.

"With few exceptions, all crops show positive returns to labor and management in all regions of North Dakota where the projections were made," Swenson says.

Malting barley and corn look positive for 2012. The projected returns for malting barley average out at \$110 per acre, with the range from \$95 to \$125 across the state.

"The main concern for growers is whether malting quality and its associated price used in the projections can be attained," Swenson says. "The average return from corn across all regions is \$100. However, the range across regions is \$65 to \$150 per acre, which is a wider range than barley. The highest returns for corn are projected to be in the southern Red River Valley and the southeastern regions."

Unlike projections of the past couple of years, corn shows higher returns than soybeans by about \$5 to \$50 per acre, depending on the region. The biggest advantage is in the southern Red River Valley and the southeastern regions. The smallest difference is in the north-central region.

Wheat shows positive returns to labor and management, but lower than barley, corn or soybeans. Spring wheat projections average \$38 per acre, with a range across regions of about \$10 to \$60. Because of higher prices for durum, the projected average return is

\$57 per acre and winter wheat averages are projected at \$22 per acre return to labor and management.

Average projections across regions for oil sunflowers, flax and field peas showed a similar return to labor and management at about \$50 per acre. Canola also achieved this projection in the north-central and northeastern regions.

Lentils are projected to return \$80 to \$90 per acre in the western and the north-central regions.

Because of high prices, the projected return for producing rye is the highest in decades at \$50 to \$80 per acre. Prices and projected returns to labor and management for other minor crops, such as yellow mustard, safflower, buckwheat and millet also are unusually strong.

Dry edible beans project the highest returns of any crop at \$160 to more than \$200 per acre in regions where beans are grown. Confection sunflowers project the second highest returns, except for yellow mustard in the northwestern and northern Red River Valley.

"It is important to note that the budgets estimate returns to labor and management with no consideration given to price and yield variability or risk," Swenson says. "A perfect apple-to-apples comparison of crops is not achieved because different levels of risk, plus labor and management, exist. Crops projecting the highest returns for 2012 also require greater management and have higher risk factors. Producers should consider this when making crop selections.

Chickpeas are a prime example. Chickpeas project the highest returns in the northwestern and southwestern regions, but are an extreme production risk due to disease."

High costs, seed shortage concerns

Negatives for 2012 are higher costs and potential seed shortages. Total

costs per acre will be 10 to 15 percent higher than last year. Fertilizer, seed and land prices are the main reasons for the cost spike. Compared with last year's projections, the cost per unit of nitrogen increased 21 percent, but phosphorus and potassium will have smaller increases.

Corn and canola seed will be up 6 to 7 percent. Soybean seed costs are expected to be about 15 percent higher primarily because of tech fees associated with new product offerings. Seed for dry beans will be more than 15 percent higher and several crops, such as mustard, millet, buckwheat, safflower, mustard, millet and chickpeas, will increase by 20 percent or more.

"There are some surprisingly large increases in the cost of small-grain seed because of short supplies that defies the typical spread between the market price of the grain and the price of certified public variety seed," Swenson says. "Compared with last year, spring wheat seed is expected to be 7 percent higher, durum 33 percent and barley a whopping 60 percent."

Only modest increases in pesticide prices are expected (3 percent on average).

However, with good profit potential, it is expected that producers will be more willing to spray and/or select better products to protect their crops.

"In summary, the budgets indicate that dry bean, barley and field pea acres certainly will rebound from their very low levels in 2011," Swenson says. "Corn acres also should be up, but this may be constrained because of a seed shortage. Producers also may grow some minor crops that show good profit potential."

The budgets are available on the Web: www.ag.ndsu.edu/pubs/ecguides.html. The crop compare program is at www.ag.ndsu.edu/farmmanagement/tools.xz.