



Betsy Jensen and Josh Tjosaas

2022 Cash Flow - Outlook for Farm

Profitability, Managing the unexpected - 2022

Farm input Expenses and Marketing.

# 2021-22 Supply Input Issues

- Ocean Freight Back logs- Dramatic Price Increase- Cost up 5-10 fold over historic averages
- Overall shortage of tech materials for chemical production
- China Issues: Electricity Shortage, shutting down exports
- Natural Gas Prices
- Potash Mines in Canada closed for a period
- Hurricane Ida carryover effects
- Distribution issues of product

# 2021 Corn Early Analysis-51 farms in Valley-Preliminary data

Category	Value per acre
Yield	144.22
Value	\$5.35
Gross Revenue	\$77.60
Seed	\$83.34
Fertilizer	\$129.14
Chemicals	\$28.63
Insurance	\$22.53
Land Rent	\$136.50
Total Expenses	\$616.81
Net Return	\$160.79



# 2021 Soybean Early Analysis



Category	Value per acre
Yield	32.17
Value	\$11.98
Gross Revenue	\$432.90
Seed	\$53.60
Fertilizer	\$21.45
Chemicals	\$32.04
Insurance	\$21.56
Land Rent	\$128.17
Total Expenses	\$364.06
Net Return	\$68.84

# 2021 Spring Wheat Early Analysis

Category	Value per acre
Yield	56.44
Value	\$8.27
Gross Revenue	\$504.47
Seed	\$24.64
Fertilizer	\$101.19
Chemicals	\$26.749
Insurance	\$16.05
Land Rent	\$130.78
Total Expenses	\$401.73
Net Return	\$102.74



# 2021 Sugarbeet Early Analysis-Combined JV and Non JV (\$228 on ½ enterprises)



Category	Value per acre
Yield	26.89
Value	\$49.11
Gross Revenue	\$1377.91
Seed	\$235.63
Fertilizer	\$96.14
Chemicals	\$125.75
Insurance	\$31.50
Land Rent	\$147.00
Total Expenses	\$1242.57
Net Return	\$135.34

# Projected Break-Even Prices for 2022-adjust

Crop	5Yr Yield	Expense/Acre	Break-Even
Corn	178	\$821	\$4.61/bu
Soybean	42	\$427	\$10.17/bu
Wheat	65	\$550	\$8.46/bu
Sugarbeets	29	\$1413	\$48.72/T

# RRV 5 Year Expense Averages for Corn

Expense	5yr Ave(16-20)	Adjustment	22 Budget
Seed	92	10%	101
Fertilizer	118	225%	265
Chemical	26	25%	32
Crop Ins.	20	15%	23
Fuel	24	33%	32
Repairs	50	33%	66
Land Rent	135	5%	142
Other Dir	35	15%	40
Overhead	105	15%	120
Total/Acre	605	36%	821



# RRV 5-Year Expense Average for Soybeans

Expense	5yr Ave(16-20)	Adjustment	22 Budget
Seed	62	10%	68
Fertilizer	12	225%	27
Chemical	33	25%	41
Crop Ins.	19	15%	22
Fuel	13	33%	17
Repairs	24	33%	32
Land Rent	126	5%	132
Other Dir	11	15%	13
Overhead	65	15%	75
Total/Acre	365	17%	427

# RRV 5-Year Expense Average for Wheat

Expense	5yr Ave(16-20)	Adjustment	22 Budget
Seed	22	25%	28
Fertilizer	82	225%	185
Chemical	32	25%	39
Crop Ins.	14	15%	16
Fuel	14	33%	19
Repairs	25	33%	33
Land Rent	125	5%	131
Other Dir	21	15%	24
Overhead	65	15%	75
Total/Acre	400	37%	550

# RRV 5-Year Expense Ave for Sugarbeets

Expense	5yr Ave(16-20)	Adjustment	22 Budget
Seed	222	5%	233
Fertilizer	82	225%	185
Chemical	120	25%	150
Crop Ins.	30	15%	35
Fuel	50	33%	67
Repairs	140	33%	186
Land Rent	140	5%	147
Other Dir	146	15%	168
Overhead	210	15%	242
Total/Acre	1140	24%	1413

**Is it time to  
panic?**

# Breakeven Costs

- You should absolutely argue with these costs
- We have no farm that is “average” in each category
  - Machinery costs
  - Hired labor
  - Interest expense
- Figure out your own costs. Let this be your call to action

# Minnesota FSA Planning Prices

Commodity	Units	2022	Typical Year
Corn	\$/Bu	\$4.50	\$3.75
Oats	\$/Bu	\$3.50	\$3.50
Spring Wheat	\$/Bu	\$6.75	\$5.25
Winter Wheat	\$/Bu	\$5.75	\$5.75
Soybeans	\$/Bu	\$11.25	\$9.50
Feed Barley	\$/Bu	\$4.00	\$4.00
Sunflowers (Oil)	\$/cwt	\$26.00	\$26.00
Sunflowers (Confectionary)	\$/cwt	\$30.00	\$30.00
Canola	\$/cwt	\$30.00	\$30.00
Sugar Beets American Crystal (Net After Retains)	\$/Ton	\$46.00	\$46.00
Edible Beans	\$/cwt	\$30.00	\$30.00
Potatoes	\$/cwt	\$11.00	\$10.00
Bluegrass	\$/lb	\$2.00	\$2.00
Ryegrass	\$/lb	\$1.10	\$1.10
Tall Fescue	\$/lb	\$1.10	\$1.10

# Projected Break-Even Prices for 2022

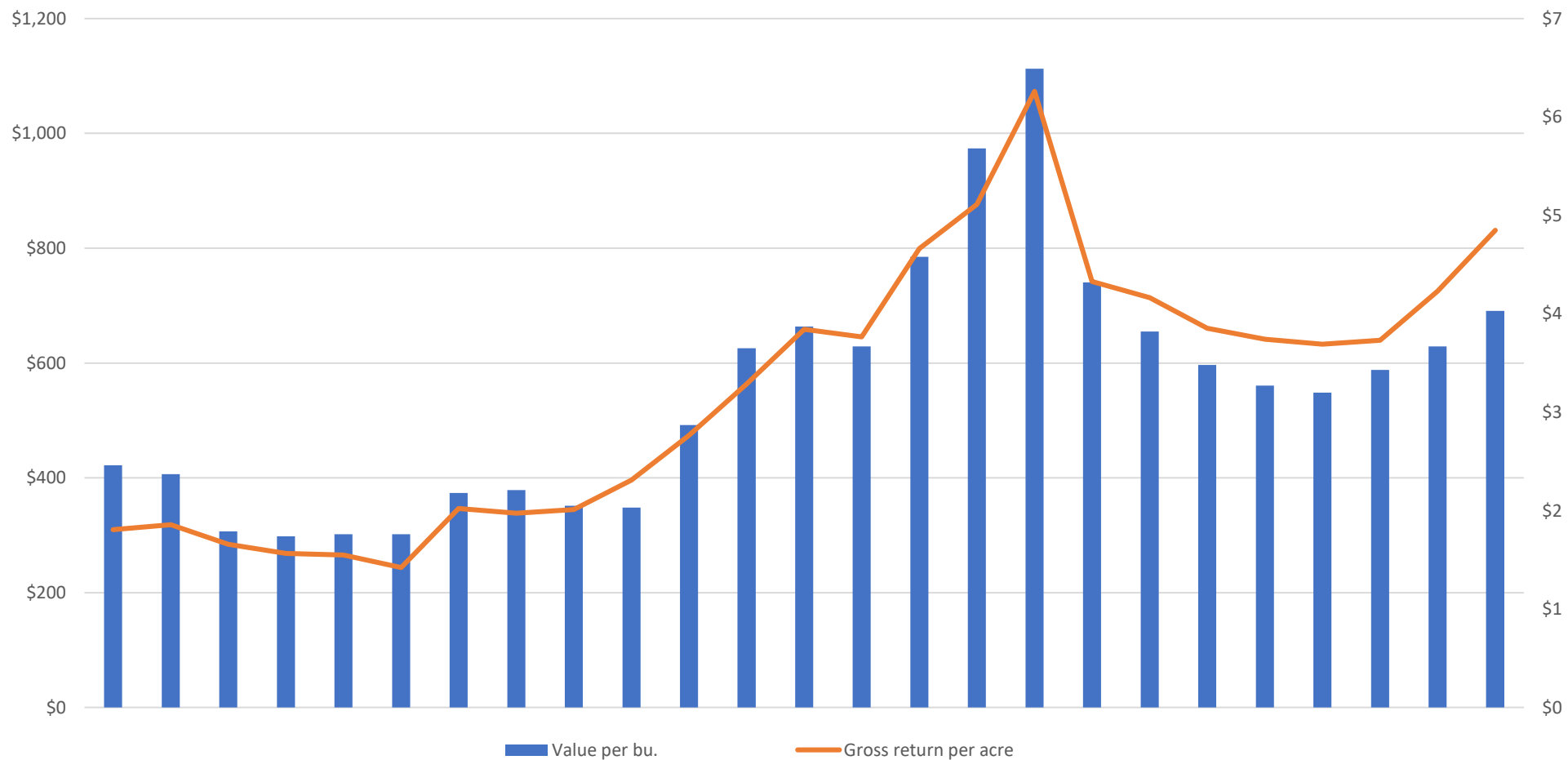
Crop	5Yr Yield	Expense/Acre	Break-Even	FSA
Corn	178	\$821	\$4.61/bu	\$4.50
Soybean	42	\$427	\$10.17/bu	\$11.25
Wheat	65	\$550	\$8.46/bu	\$6.75
Sugarbeets	29	\$1413	\$48.72/T	\$46

# Projected Break-Even Prices for 2022, Current available futures prices

Crop	5Yr Yield	Expense/Acre	Break-Even	Futures
Corn	178	\$821	\$4.61/bu	\$5.79
Soybean	42	\$427	\$10.17/bu	\$14.16
Wheat	65	\$550	\$8.46/bu	\$8.83
Sugarbeets	29	\$1413	\$48.72/T	????



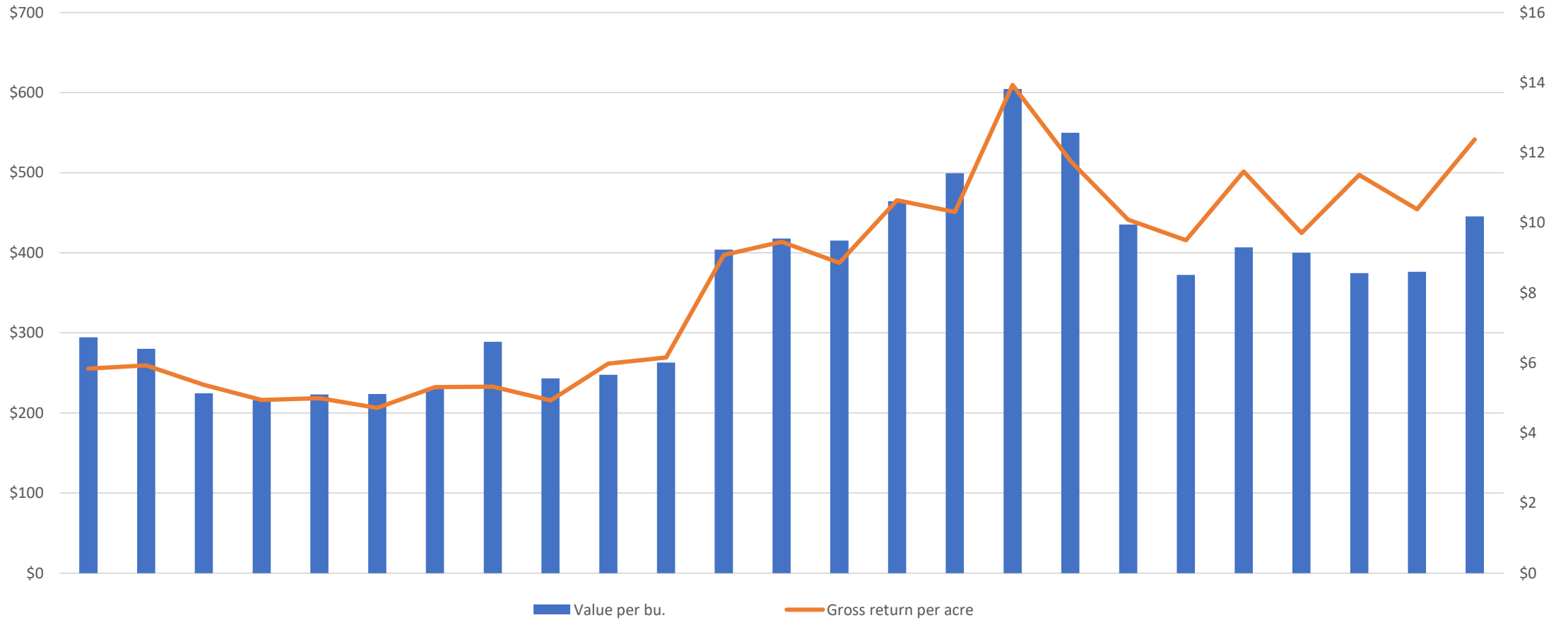
# 1996-2020 Corn Revenue and Price



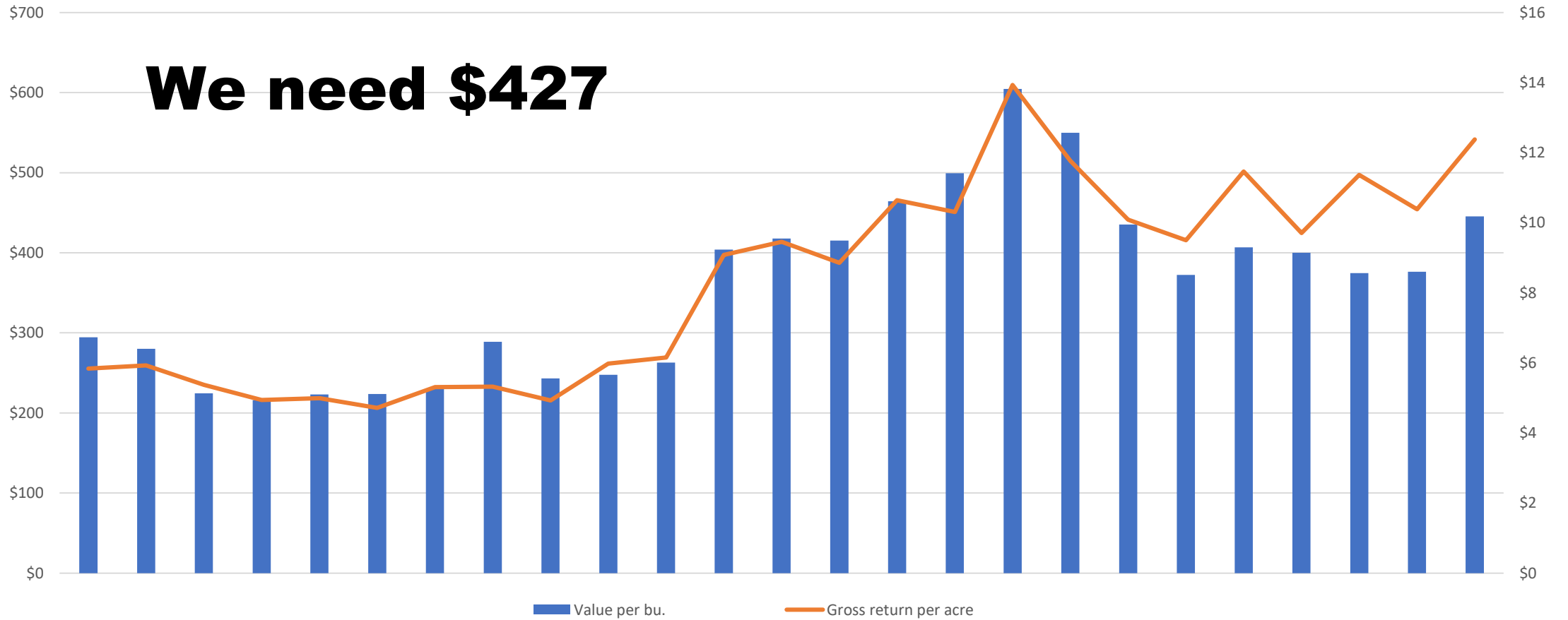
# 1996-2020 Corn Revenue and Price



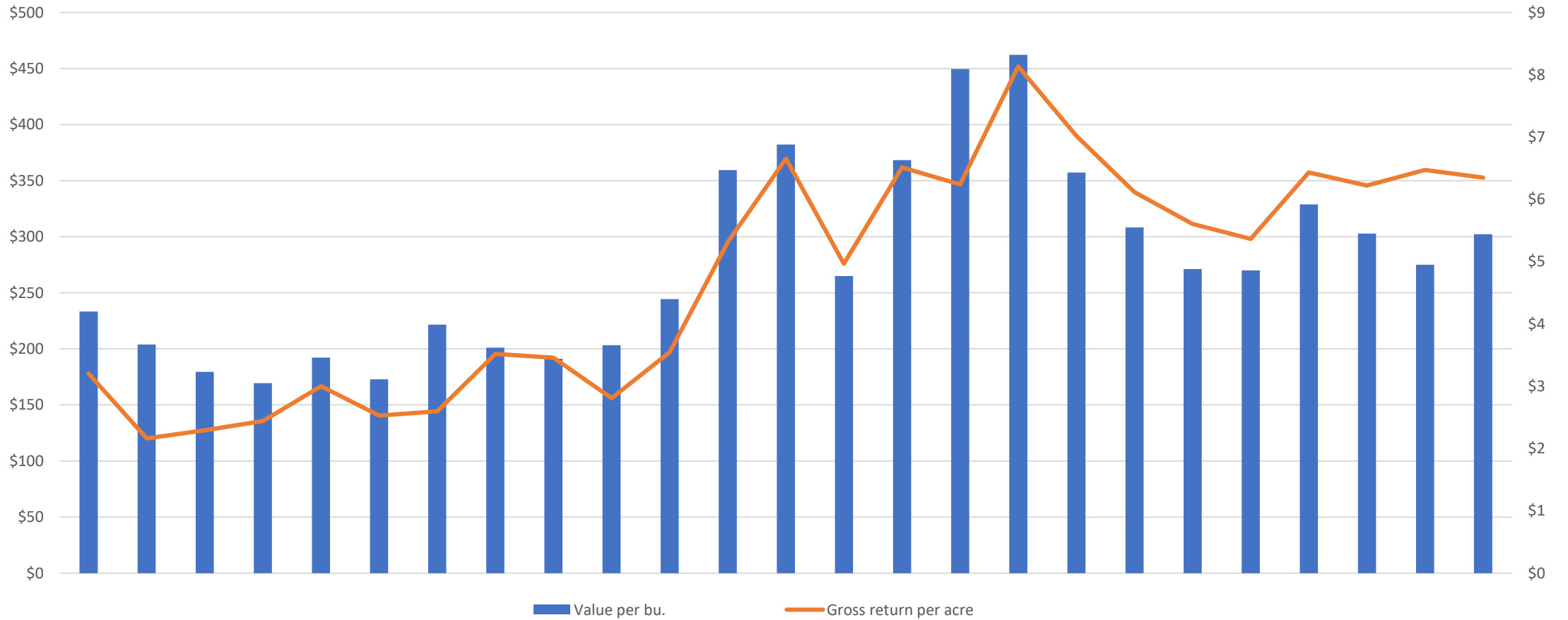
# 1996-2020 Soybean Rev and Prices



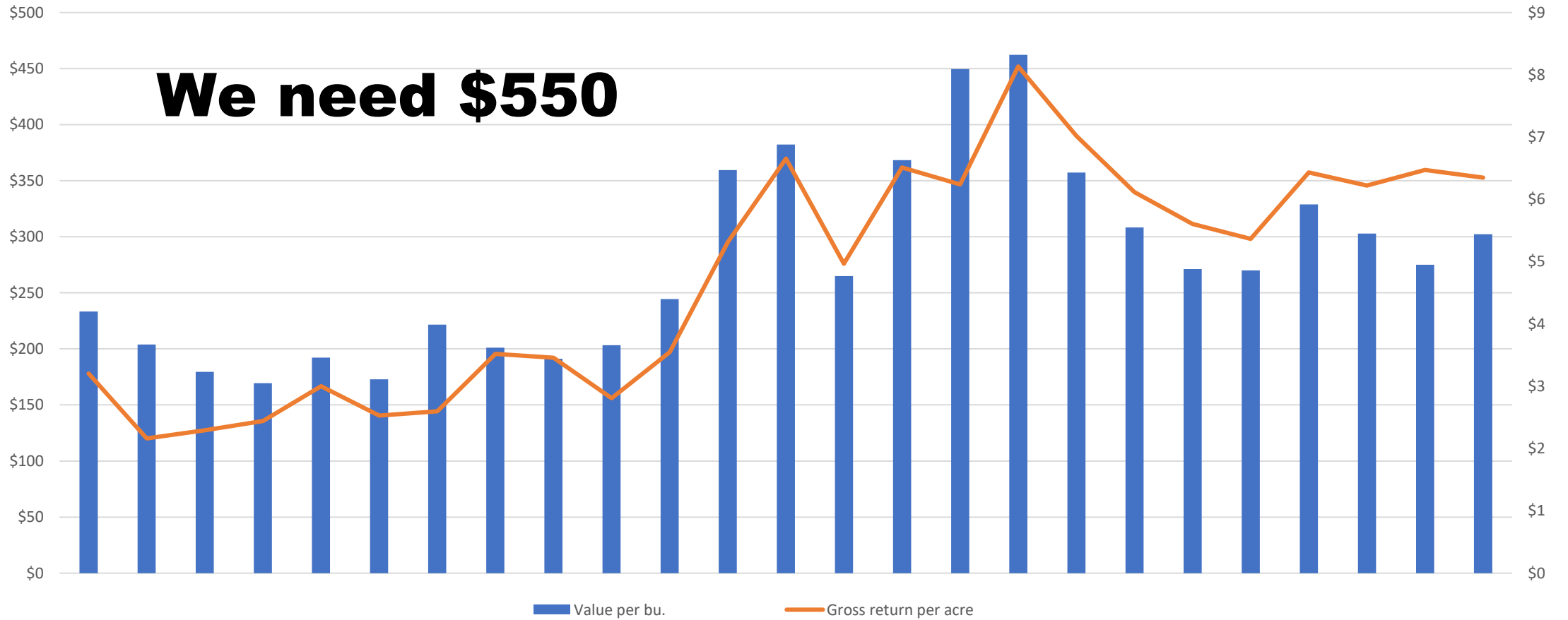
# 1996-2020 Soybean Rev and Prices



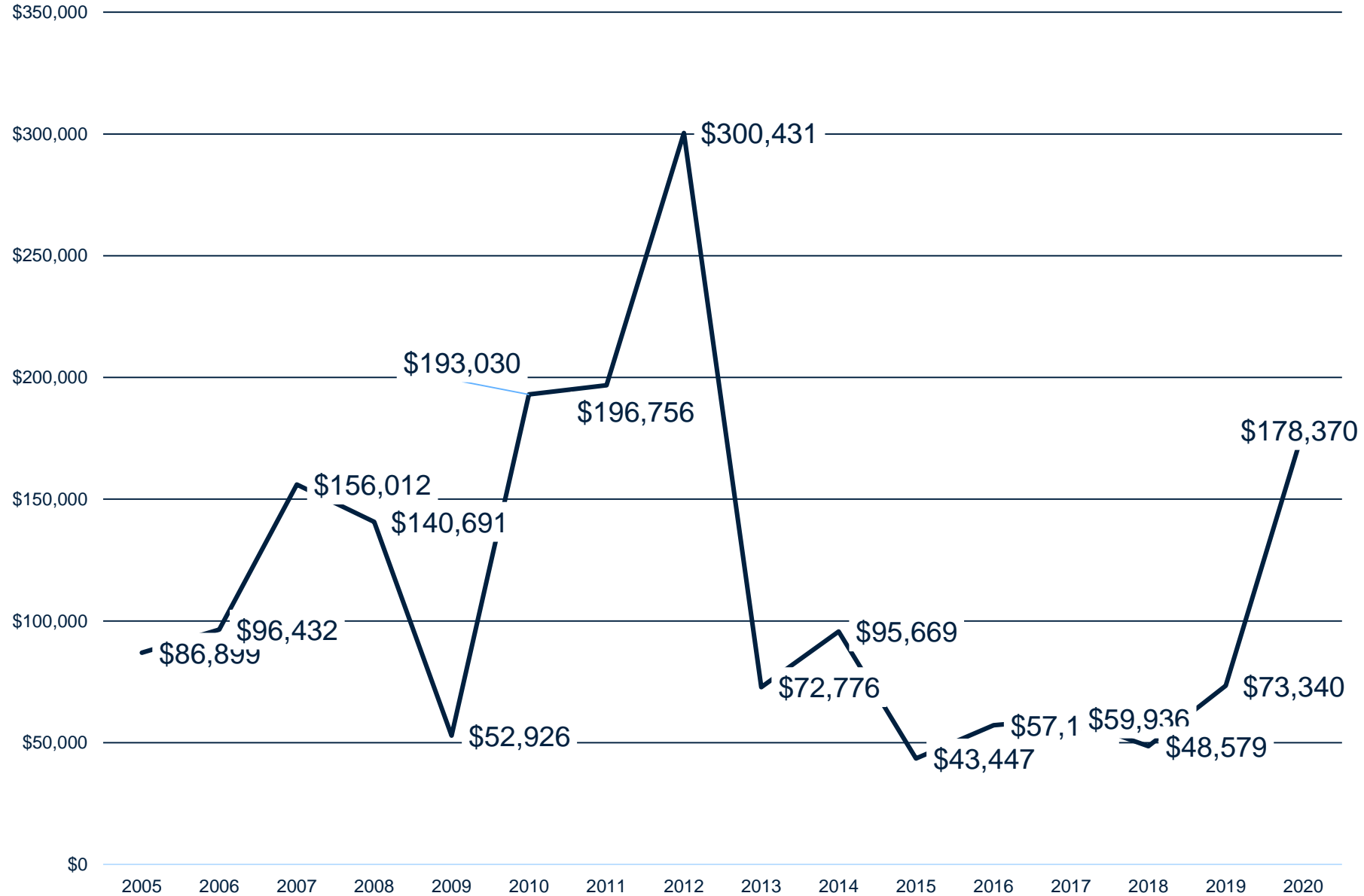
# 1996-2020 HRS Rev and Prices



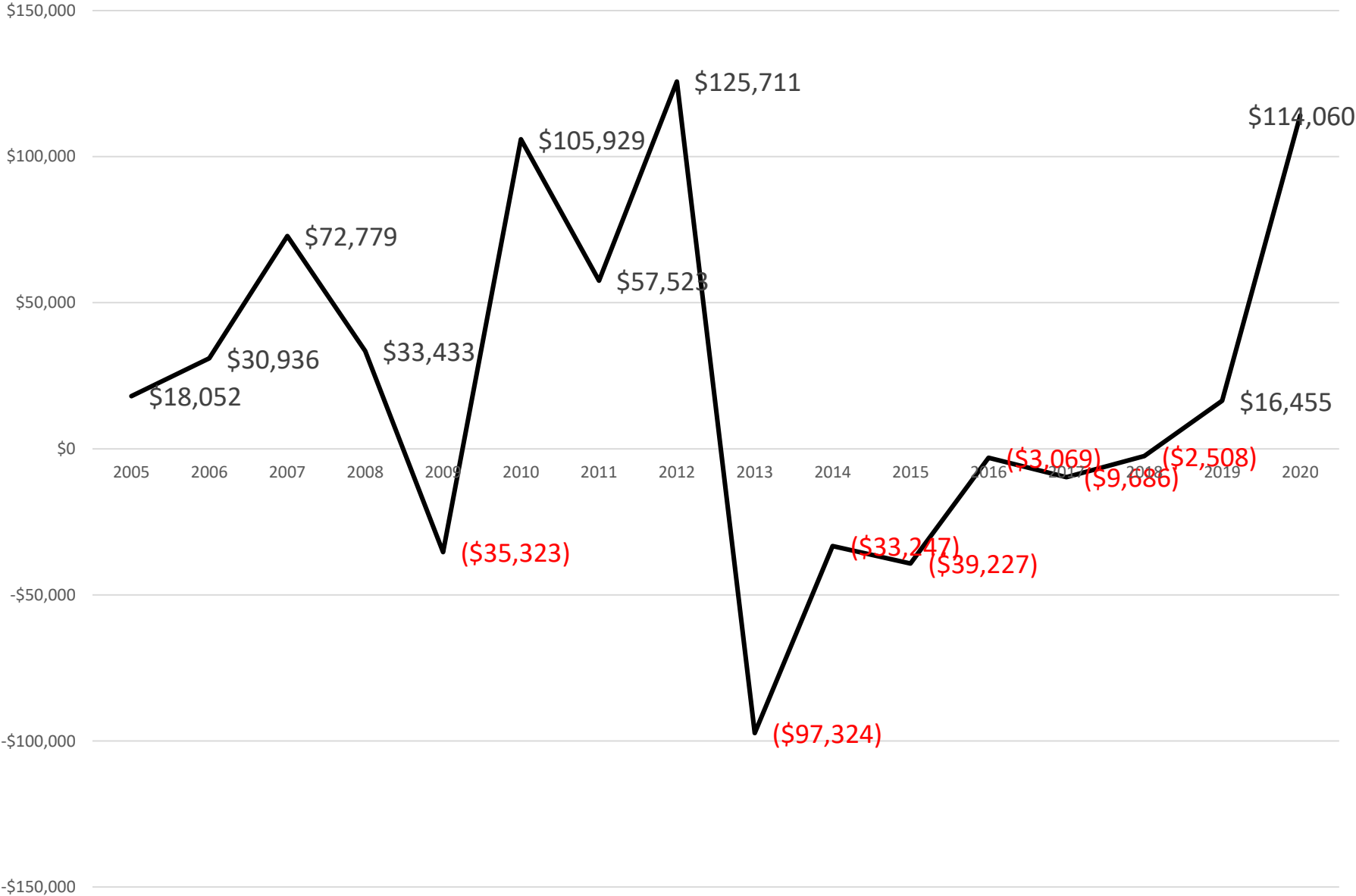
# 1996-2020 HRS Rev and Prices



# MN Net farm income from operations



# MN Change in working capital





Spring Wheat (MWU22) MGEX



883-2

CORN FUTURES (DEC 2022) - 1D - CBOT O578'0 H581'0 L577'2 C580'0 +6'2 (+1.09%)

Vol 14.284K



ZSX2022

1m 30m 1h D



Compare

Indicators

SOYBEAN FUTURES (NOV 2022) - 1D - CBOT

O 1030'2 H 1051'0 L 1030'2 C 1043'4 +20'4 (+2.00%)

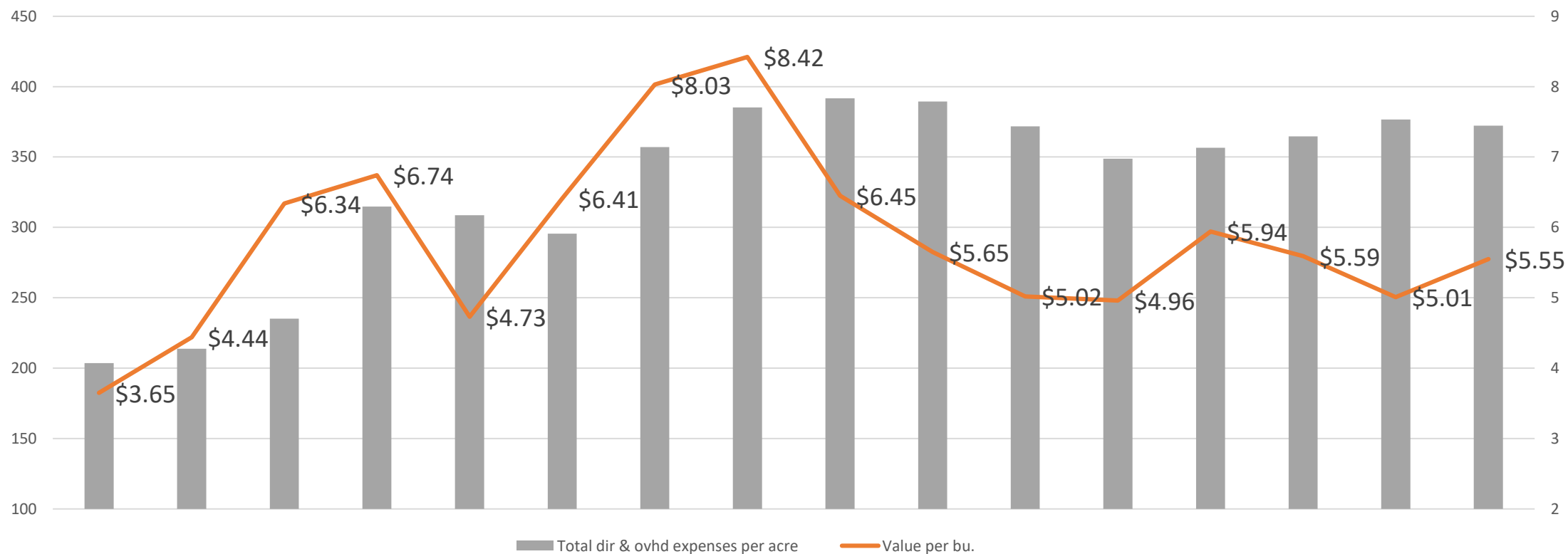
Vol 434



14400  
 14300  
 14166  
 14000  
 13600  
 13200  
 12800  
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 11600  
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 9200

# Sticky Inputs

## MN Wheat Prices and Costs Per Acre



# How often do marketing plans work?



October 4, 2021

## Grain Marketing

Center for Farm Financial Management

University of Minnesota

<http://www.cffm.umn.edu/GrainMarketing/marketingplans.aspx>

### Soybeans: 2022 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2022 production: 27,000 bushels

Objective: Buy crop insurance to protect my production risk and have 75% of my anticipated soybean crop priced by mid-June.

- Price 5,000 bushels at \$9.75 cash price (\$10.50 Nov futures) using forward contract/futures hedge/futures fixed contract.
- Price 5,000 bushels at \$10.50c/\$11.25f, or by April 14, pricing tool to-be-determined (tbd).
- Price 5,000 bushels at \$11.25c/\$12.00f, or by May 17, pricing tool tbd.
- Price 5,000 bushels at \$12.00c/\$12.75f, or by June 14, pricing tool tbd.

Plan starts on January 1, 2022. Earlier sales may be made at a 75-cent premium and would be limited to 10,000 bushels.

Ignore decision dates and make no sale if prices are lower than \$9.50 local cash price/\$10.25 November futures.

Exit all options positions by mid-September 2022.

# Benchmark Reports

- Make sure you have a lean and mean farm
- Every farm has a weakness
- Can you do better?

## Generate a Summary Report

WHOLE FARM

CROP

LIVESTOCK

## Generate a Benchmark Report

WHOLE FARM

CROP

LIVESTOCK

## Compare Your Farm

FINANCIAL RATIOS

## Welcome to FINBIN

FINBIN is one of the largest and most accessible sources of farm financial and production benchmark information in the world. FINBIN places detailed reports on whole farm, crop, and livestock financials at your fingertips.

With just a few clicks of the mouse, you can see reports such as:

- [Soybean cost and returns by tillage system](#)
- [Dairy cost and returns by size or location of herd](#)
- [Farm financial standards measures by type or size of farm](#)

The possibilities are endless. Select Whole Farm Reports, Crop Reports, or Livestock Reports to create your own custom report.

### 2020 an improved year financially for nation's farmers

FINBIN now includes year 2020 data from 3171 farms from seven states. Data has been added from Missouri, Nebraska, North Dakota, South Dakota, Utah and Wisconsin in addition to the Minnesota database. The Median 2020 net farm income for all farms added so far was \$107,422, up from \$39,402 in 2019.

### 2020 Minnesota Farm Financial Data

# Wheat, Spring 2020; Cash Rent

FINBIN

Benchmark Report, 643 Enterprises

	Group Median	Count	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Yield per acre (bu.)	57.04	643	27.38	41.26	46.00	50.41	54.82	58.70	61.30	64.65	69.17	76.95
Value per unit	5.40	643	4.69	4.95	5.00	5.25	5.30	5.45	5.50	5.60	5.75	6.25
Total product value	304.49	643	143.23	208.98	245.82	272.38	292.66	313.33	335.58	352.77	381.89	427.85
Crop insurance	27.80	144	0.92	6.87	11.44	19.36	25.96	36.89	56.08	89.56	127.29	162.17
Other crop income	26.61	625	14.50	18.00	20.31	22.51	24.82	27.79	30.87	37.05	45.08	62.26
Gross return	341.98	643	197.81	252.15	282.03	306.39	329.20	351.45	369.65	400.99	427.32	485.98
Seed	19.53	643	34.69	30.50	26.81	24.00	20.50	18.15	15.63	13.94	12.18	9.70
Fertilizer	69.22	640	106.92	91.77	85.00	77.86	71.12	66.86	60.72	54.00	47.58	35.91
Crop chemicals	29.61	638	53.25	42.89	38.30	33.93	30.75	27.25	25.93	22.00	19.88	12.73
Crop insurance	12.38	628	29.00	18.34	17.24	15.53	13.20	11.88	9.91	8.71	6.69	4.07
Fuel & oil	11.35	635	19.58	17.26	14.67	13.38	11.95	10.92	10.44	8.75	6.65	4.74
Repairs	24.03	636	48.27	42.44	33.59	28.54	24.85	22.01	18.44	17.32	14.79	8.56
Custom hire	8.15	308	61.58	26.02	16.30	12.37	8.54	7.57	6.61	4.20	3.50	1.14
Land rent	63.64	643	163.75	130.01	106.27	81.81	69.68	59.69	54.24	50.00	44.15	33.63
Operating interest	4.85	512	14.25	10.52	8.57	6.50	4.94	3.98	3.18	2.01	0.96	0.17
Total direct expenses	263.36	643	386.75	343.61	317.67	292.98	274.55	252.71	233.51	215.60	199.86	167.80
Return over direct expenses	76.16	643	-76.54	-11.45	21.74	48.73	67.76	86.41	104.37	128.48	155.89	199.67
Hired labor	10.47	502	27.84	21.38	16.94	13.38	11.18	9.50	6.98	4.04	2.49	0.50
Machinery leases	3.24	283	23.41	14.20	10.40	5.50	3.24	2.60	0.62	0.15	0.10	0.00
Farm insurance	5.04	619	12.06	8.24	6.85	6.05	5.17	4.49	3.93	3.26	2.58	1.77
Utilities	3.24	579	10.72	6.83	5.09	4.67	3.63	2.87	2.42	2.12	1.55	0.85
Dues & professional fees	2.05	553	12.92	6.32	4.39	2.91	2.16	1.72	1.27	0.95	0.65	0.31
Interest on interm. debt	2.91	537	10.59	6.81	5.20	4.07	3.23	2.48	2.10	1.38	1.08	0.47
Machinery depreciation	23.25	630	56.64	42.70	32.57	27.55	24.91	22.48	17.71	15.04	12.23	5.13
Building depreciation	2.72	415	9.24	6.41	4.56	3.65	2.95	2.37	1.95	1.72	0.95	0.38
Miscellaneous	2.26	587	15.49	6.93	4.47	3.76	2.81	1.86	1.41	1.01	0.77	0.33
Total overhead expenses	61.72	643	114.39	86.41	73.51	68.33	63.43	57.96	49.19	41.02	31.33	19.81
Total dir & ovhd expenses	326.91	643	456.28	406.11	377.93	357.76	337.18	316.42	299.41	273.59	249.31	216.94
Net return	21.44	643	-141.57	-67.45	-34.17	-5.66	10.73	29.81	46.73	61.91	84.95	139.88
Government payments	26.34	643	4.48	14.98	20.42	23.12	24.97	27.84	29.85	31.92	37.56	51.44
Net return with govt pymts	49.67	643	-109.30	-41.25	-8.84	17.68	37.22	58.29	73.29	90.64	109.34	167.39
Labor & management charge	25.35	643	48.99	37.72	33.33	29.76	26.11	24.17	22.59	20.89	17.67	12.69
Net return over lbr & mgt	22.79	643	-137.63	-68.05	-35.91	-11.06	10.34	28.38	45.22	61.01	84.06	141.56
Direct cost of prod per unit	4.65	643	9.54	6.90	5.87	5.41	4.86	4.50	4.19	3.86	3.52	3.05
Dir & ovhd cost of prod/unit	5.66	643	11.76	8.34	7.09	6.45	5.92	5.50	5.22	4.93	4.57	3.94
COP less govt & other income	4.55	643	8.04	6.28	5.52	5.01	4.69	4.46	4.13	3.85	3.44	2.97



# Josh and Betsy

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