Real U.S. Corn Revenue (+Insurance)
Per Harvested Acre (2014 $’s)

Dollars Per Acre

1921 = $172
1931 = $113
1946 = $697
1973 = $1,252
1986 = $395
2005 = $373
2012 = $1024
2014-16= $631
Average Corn Revenue & Costs/Acre by Year in Indiana

Crop prices RISE faster than costs adjust upward: Positive Margins

Crop prices Fall faster than costs adjust downward: Negative Margins

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Improving Your Farm’s Management
5 Management Strategy Categories to Consider

✓ Financial
✓ Input Purchasing
✓ Execution
✓ Marketing Strategies
✓ Government Programs & Crop Insurance
Financial Strategies

1. Preserve Working Capital
   - Working capital = current assets – current liabilities
   - What’s Your Burn Rate?

2. Reduce capital expenditures
   - Caution on 179 Exp. in 2014

3. If working capital is already low, rebuild it

4. Restructure debt with longer loan terms

5. Lock-in long term interest rates

6. Reduce family living expenses

7. Be prepared for your loan review!
Input Purchasing & Usage Strategies

• Why is this important?
Crop Production Costs Increased Rapidly

Estimated Indiana Corn Production Costs
2005-2015, Per Bushel

Year
05 06 07 08 09 10 11 12 13 14 15

$/bushel
$0.00 $1.00 $2.00 $3.00 $4.00 $5.00 $6.00

Var. Cost/bu.
Total Cost/bu.
2015 Estimated Indiana Corn Production Costs By Category

Cash Rent
- Fertilizer
- Seed
- Pesticides
- Fuel
- Machinery Repairs
- Hauling
- Insurance & Misc.
- Interest
- Machinery & Family Living
- Rent
Cash Rent Was 28% of Total Cost in 2014

Indiana Average Farmland Cash Rental Rates
2000-2015

$/Acre

Year

05 06 07 08 09 10 11 12 13 14 15

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Rental Rates Will Start to Adjust

Indiana Average Farmland Cash Rental Rates
Per Bushel of Corn, Trended Yields, 2000-2015

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Seed Costs Share of Total Costs Increased

Seed as a % of Indiana Total Corn Production Costs
2005-2015, Per Bushel, Trended Yields
Input Purchasing & Usage Strategies

- Cost per bushel is the key, not cost per acre!
- “Buying Right” sets your cost structure
- Check & NEGOTIATE prices
- Crop fertilization strategies
- Herbicide strategies
- Cash rent and land purchases are very important
Marketing Strategies

• Become more cautious
• Delay pricing inputs
• Don’t lock-in inputs for multiple years
• Forward price crops more aggressively
• Earn storage returns (especially for corn)
• Focus on locking in margins