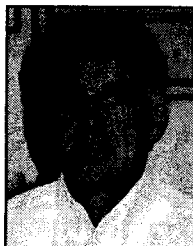


# Prospects for planting 2008 wheat crop

**BY DON STALLINGS, CPA, CVA, CFFA**  
*DBJ Contributing Writer*

Recently a farmer client of mine sent me an e-mail lamenting the prospects of planting a wheat crop in the fall of 2008.



This particular farmer does a great job of analyzing his financial situation before making planting decisions and I was anxious to see his figures. He outlined the situation as follows:

**Expenses to Plant Wheat 2008**

Land Rent	\$ 65.00
Urea Fertilizer (250#)	93.75
Urea Application	17.50
Rye Grass Control	25.00

Broadleaf Control	22.00
Fungicide Treatment	20.00
Planting & Field Prep	20.00
Field Prep for 09 Crop Year and Keeping Land Clean	45.00
Seed	35.00
Interest Expense	10.00
Harvesting	25.00
Crop Insurance	22.00
<b>Total</b>	<b>\$ 400.25</b>

He pointed out these expenses do not include any equipment payments, labor, living expense, fuel for vehicles, insurance of various types and other miscellaneous expenses. Assuming a farmer could get \$5.25 net per bushel it would take over 76 bushels to break even with only the limited expenses listed above. He also noted many farmers had pre-booked their 2008 crop at prices around \$4.50. Some have

even booked the 2009 and 2010 crop at that price. At the time he e-mailed me he said the basis on September futures was \$2.40 under booking. As I am writing this, the September 08 wheat futures were at \$7.65. With a \$7.65 price and a \$2.40 basis adjustment, net to the farmer would be \$5.25. My client was also concerned that recently one of the local elevators had sold out to a larger elevator thereby limiting marketing options even more.

This is an excellent real life illustration of how putting income and expenses down on paper and analyzing them can make a real difference in operating a farm. Every farm is different, so you always want to compare your expenses to Mississippi State University's budgets, but if there is a valid reason your expenses exceed the norm, you need to factor those in.

Many farmers are probably consider-

ing planting a wheat crop this year. Some were probably considering planting wheat so they could level land next summer. Looking at the above scenario, you might want to take advantage of any dry spell this winter and this would give you other crop options for next year.

If you would like a free copy of our crop planning software, give me a call at (662) 887-4557 or e-mail me at [dstallings@bairdandstallings.com](mailto:dstallings@bairdandstallings.com). If you would like to be included on our special farmer e-mail distribution list, you can contact me the same way. **DBJ**

*(Don Stallings is a shareholder in the Indianapolis, Ms. accounting firm, Baird and Stallings, CPAs, P.A. He is a certified public accountant, a certified valuation analyst, and a certified forensic financial analyst.)*