

# Cost of Vegetable Production and Risk Management

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UWEX-WPVGA Grower Conference

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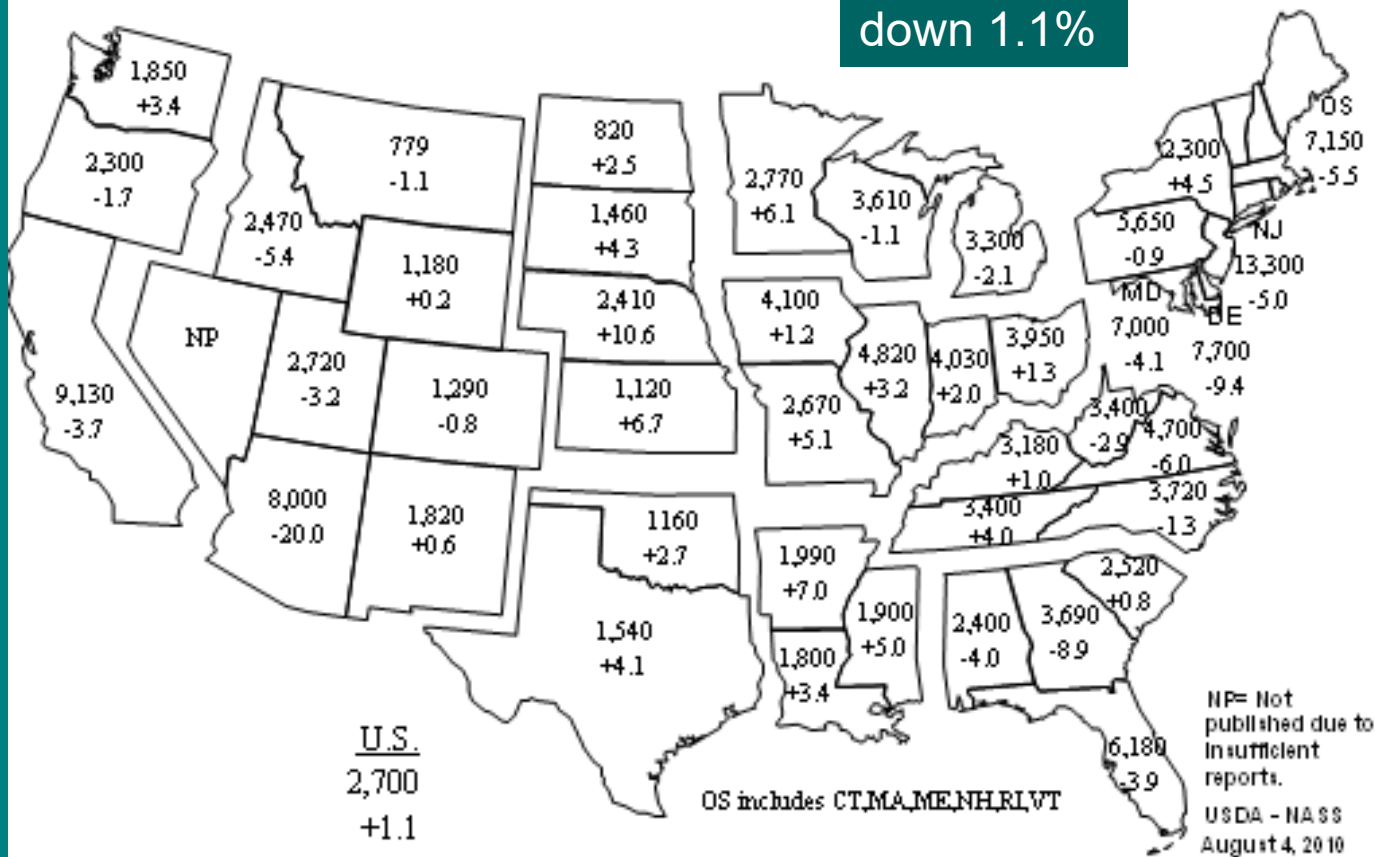
# Goal Today

- Review some of the trends in input costs and crop prices
  - Where are they going?
  - How variable?
- Suggestions on how to address risks
- Little data on crop specific costs, so rely on USDA price (index) data

# Average Land Value by State (\$/ac and % change from 2009)

2010 Cropland Value by State  
Dollars per Acre and Percent Change from 2009

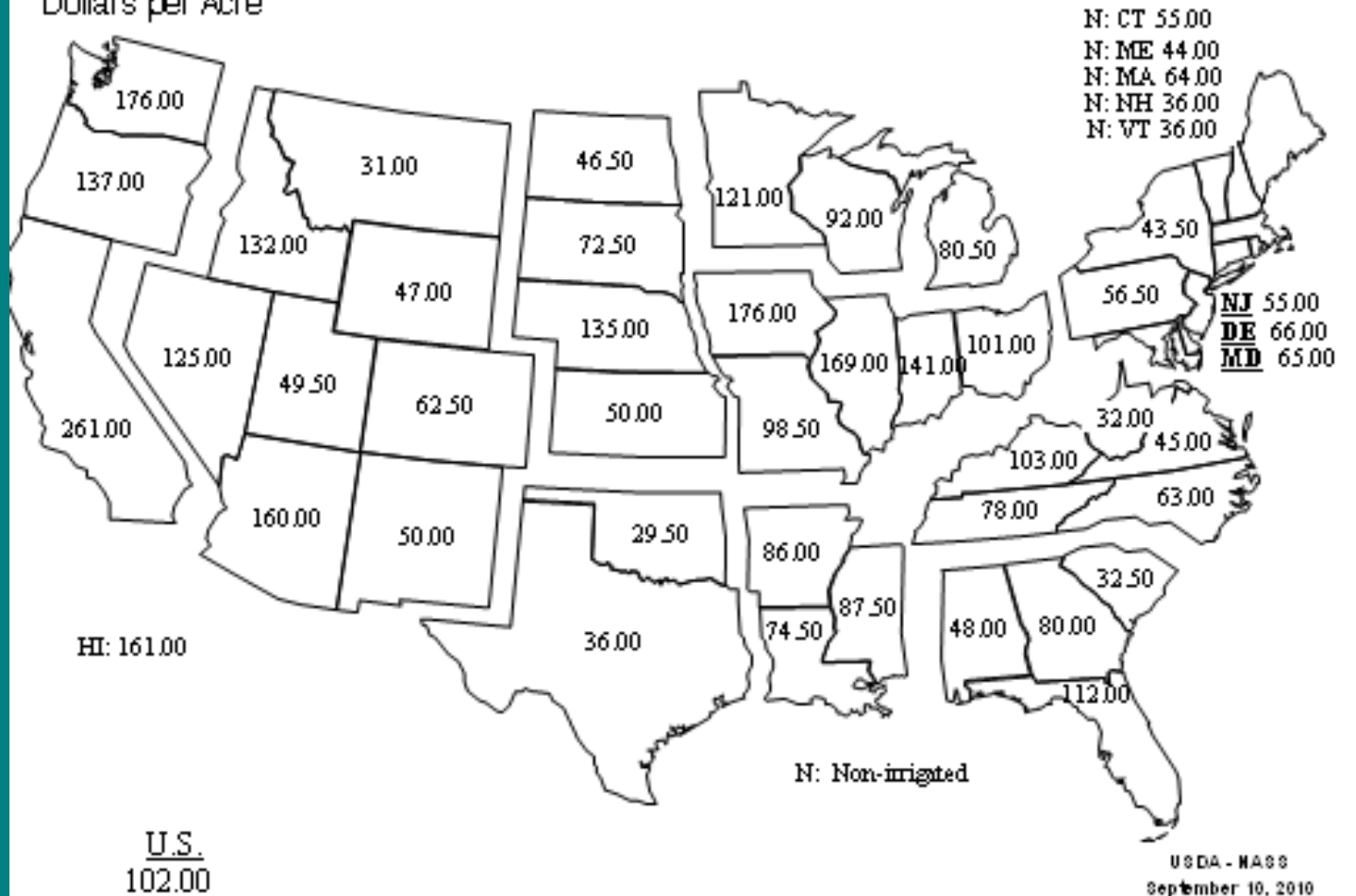
WI: \$3,610,  
down 1.1%



# Average Cropland Rental Rate

## 2010 Cropland Cash Rent by State

Dollars per Acre



USDA - NASS  
September 10, 2010

## WI Average

2005 \$70

2006 \$71

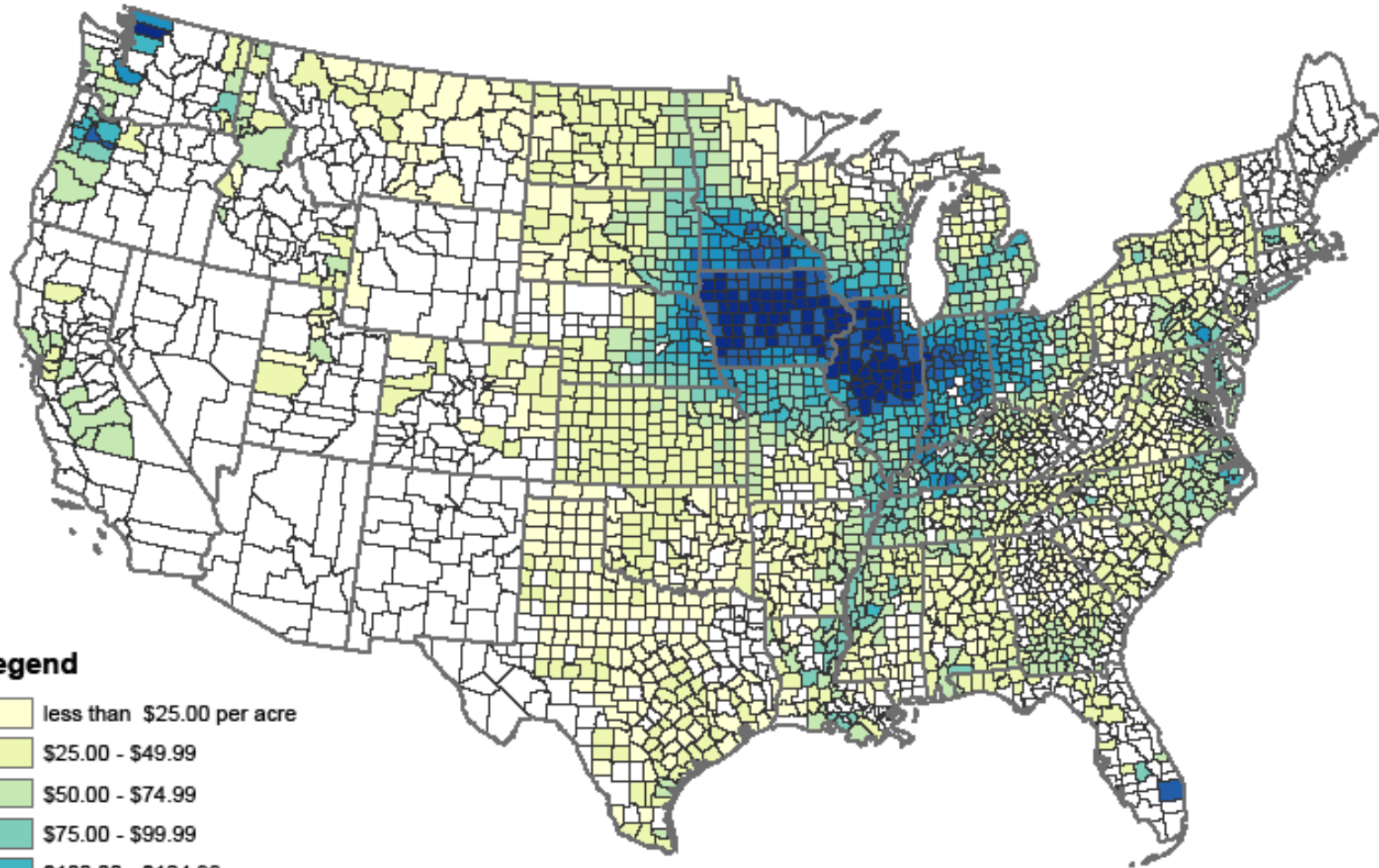
2007 \$72

2008 \$85

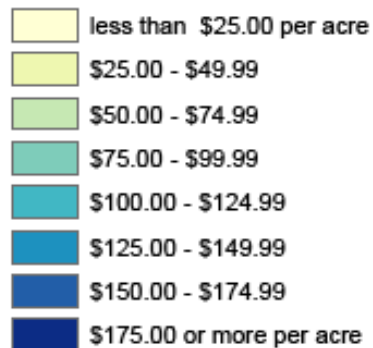
2009 \$87

2010 \$92

## Non-Irrigated Cropland Cash Rent 2009



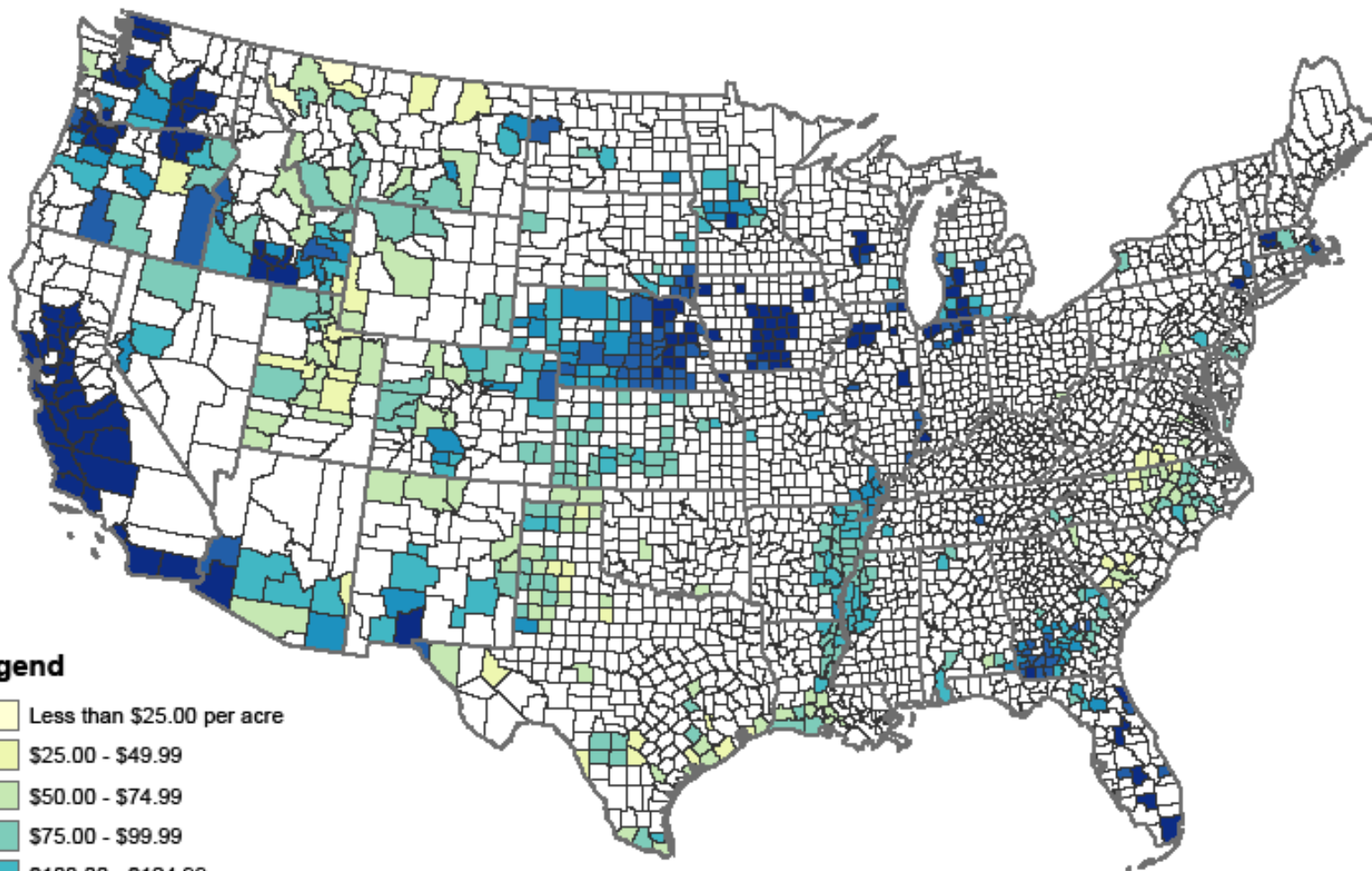
### Legend








March 31, 2010

U.S. Department of Agriculture, National Agricultural Statistics Service

## Irrigated Cropland Cash Rent 2009



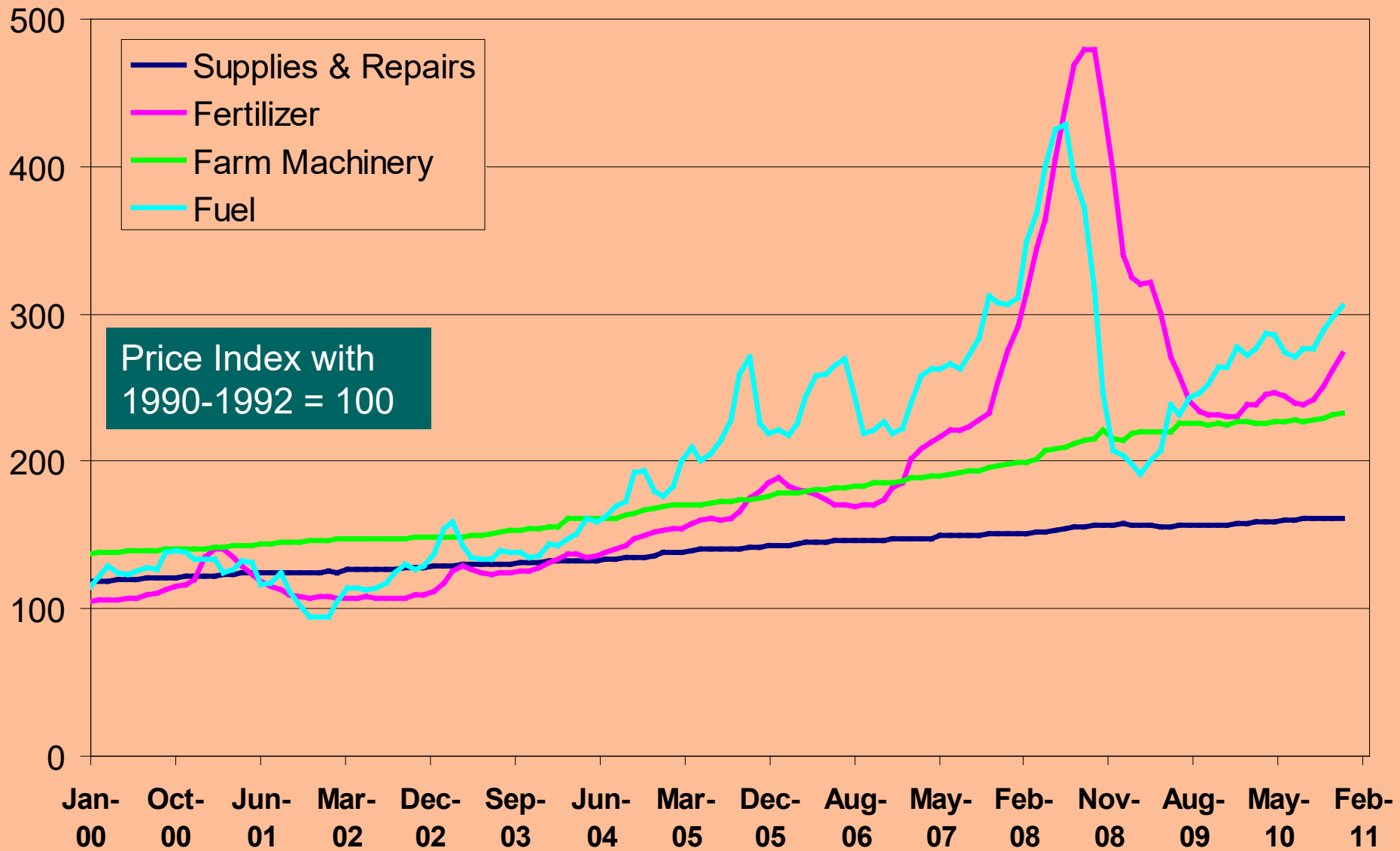
### Legend

	Less than \$25.00 per acre
	\$25.00 - \$49.99
	\$50.00 - \$74.99
	\$75.00 - \$99.99
	\$100.00 - \$124.99
	\$125.00 - \$149.99
	\$150.00 - \$174.99
	\$175.00 or more per acre

March 31, 2010

U.S. Department of Agriculture, National Agricultural Statistics Service

# Price Trends for Inputs



# Input Price Trends

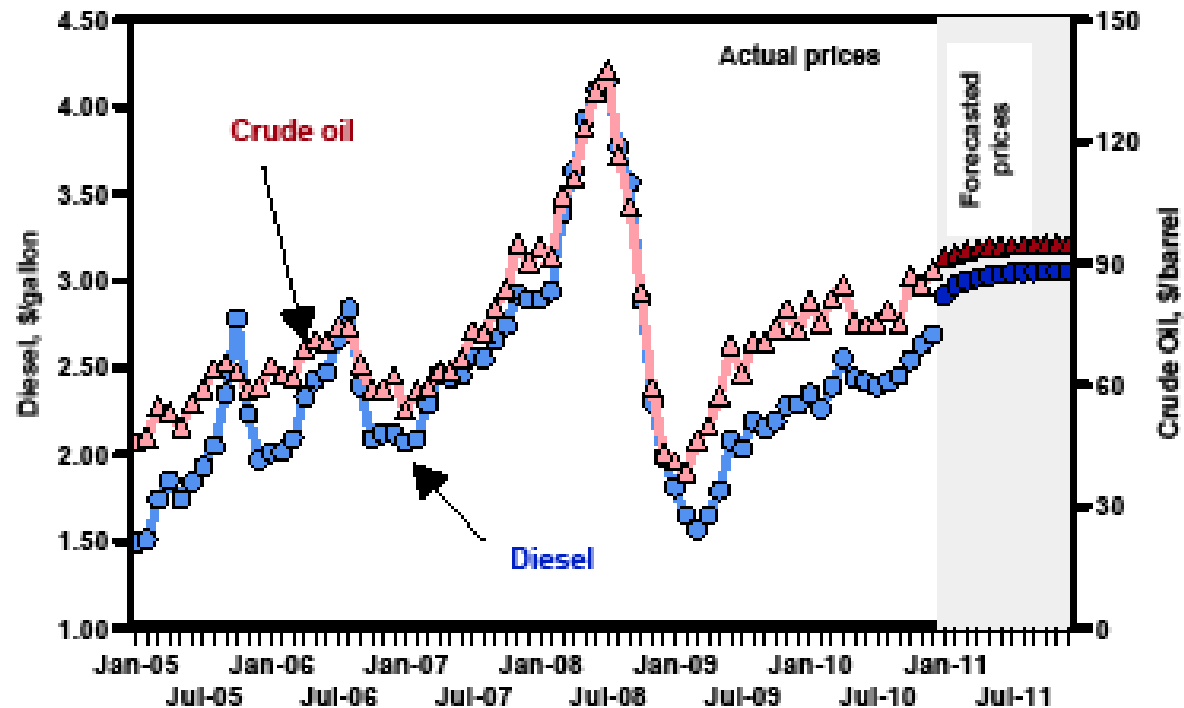
- Every thing has an upward trend
- Machinery and Supplies/Repairs steady on trend
- Fertilizer: variable and shot up in 2008, then back on trend: Will this continue?
- Fuel prices: most variable and least on trend, or on a different (steeper) trend



# Kevin Dhuyvetter's (Kansas State) Diesel Fuel Price Forecast Based on Futures Prices

- Slight upward trend over next few months
- Dated 12/31/2010

Monthly diesel prices, Southwest Kansas basis.



# Fertilizer and Fuel Prices

- Uncertainty due to Crisis in Egypt
  - Most populous Mid-eastern Islamic nation, but no oil
- Much of the N fertilizer made in Mideast where energy is cheap, then shipped
- Passes through Suez Canal as it's shorter than going around Africa
- No impact yet, but reports that chaos has closed ports in Egypt
- Shipments still going through the Suez Canal

**WORLD**  
Political Map



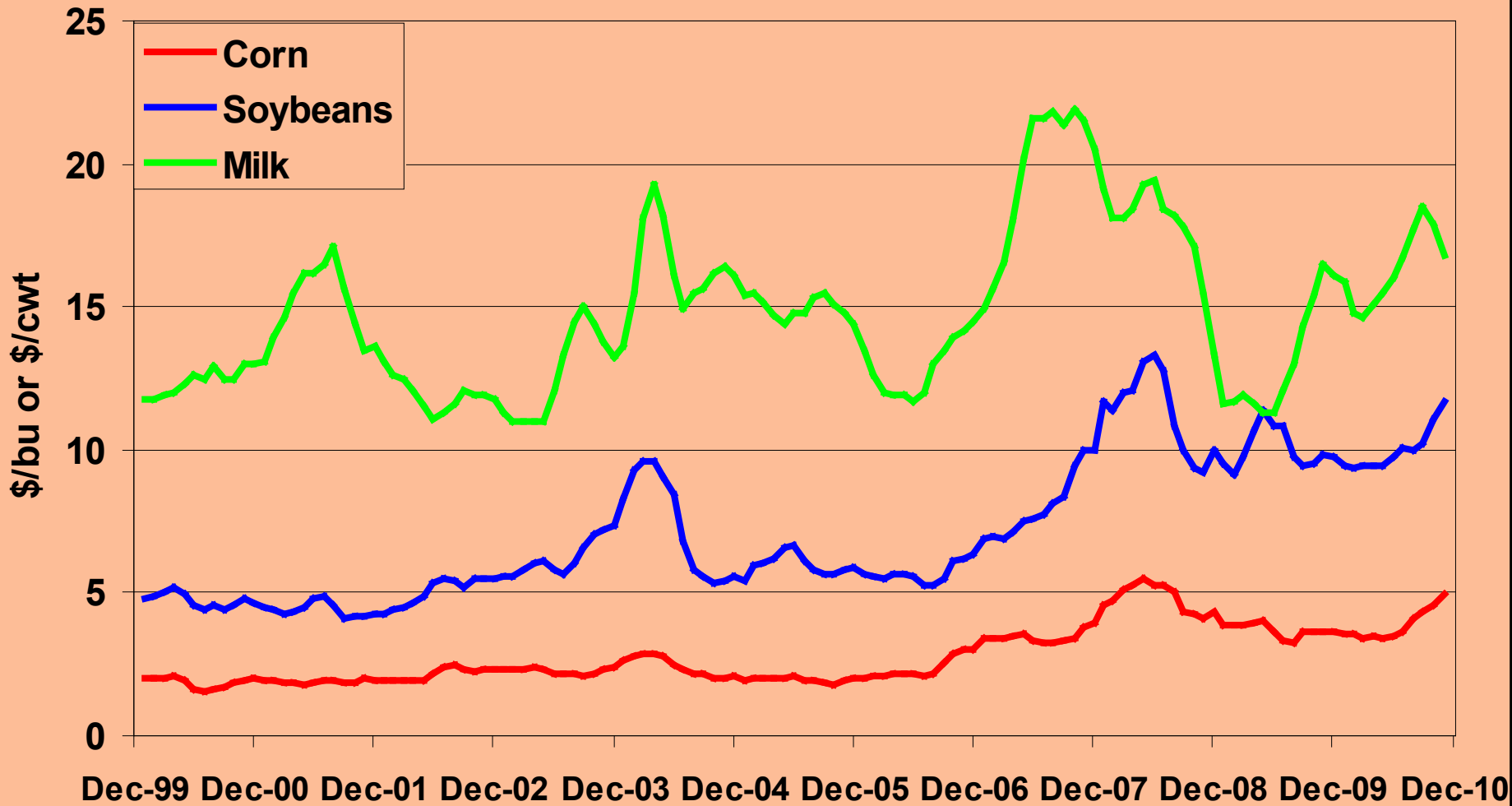
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0 600 1800 3000 4200 Kms.

# Summary

- Expect upward trends on input costs to continue
- Expect volatility in energy and N fertilizer prices until we understand impact of the Egyptian crisis on the Mideast
  - Egypt won't cause prices to plummet
- Don't worry about pre-buying inputs, as only see upward pressure on prices

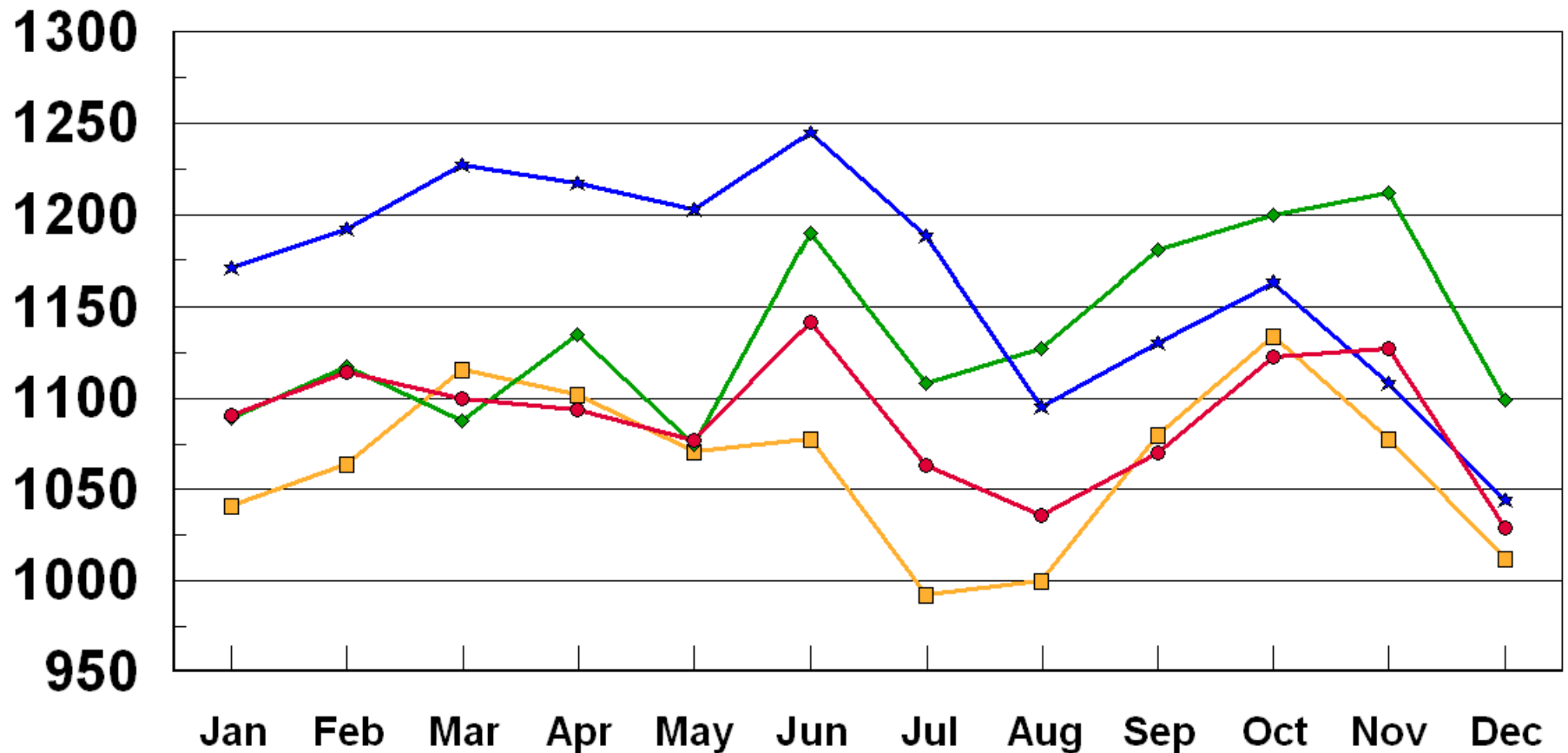
# Output Prices



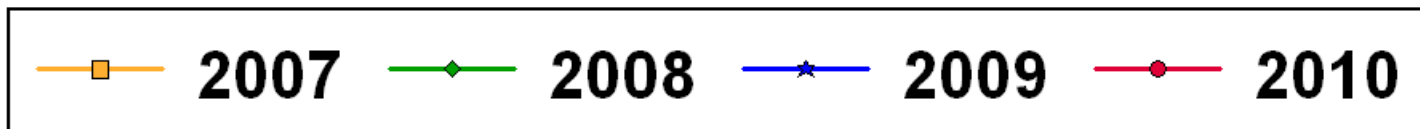
# Total Frozen Potatoes - United States

## Cold Storage Stocks, 2007-2010

Million Pounds



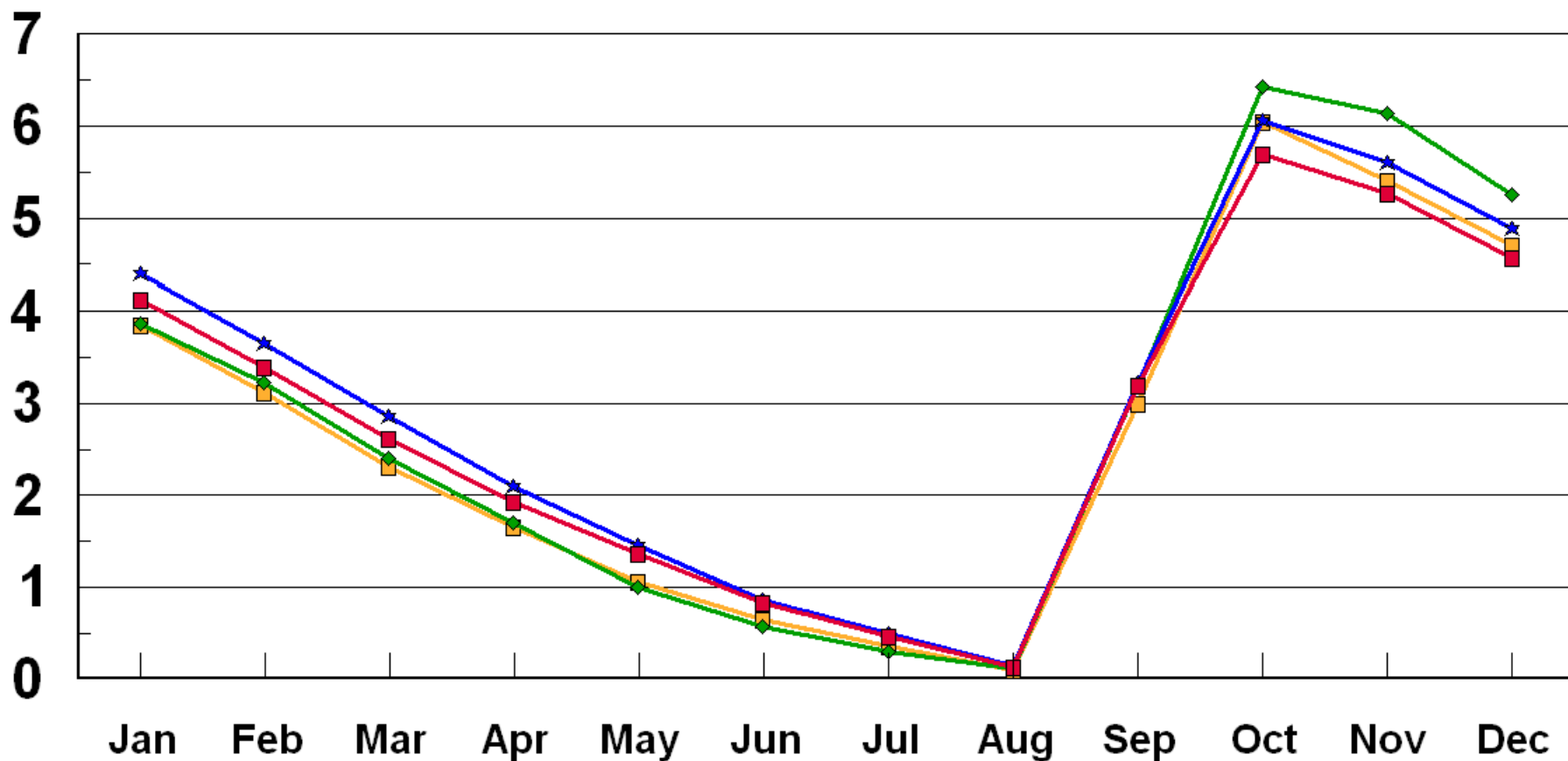
USDA-NASS  
1-21-2011



# Fresh Apples - United States

## Cold Storage Stocks, 2007-2010

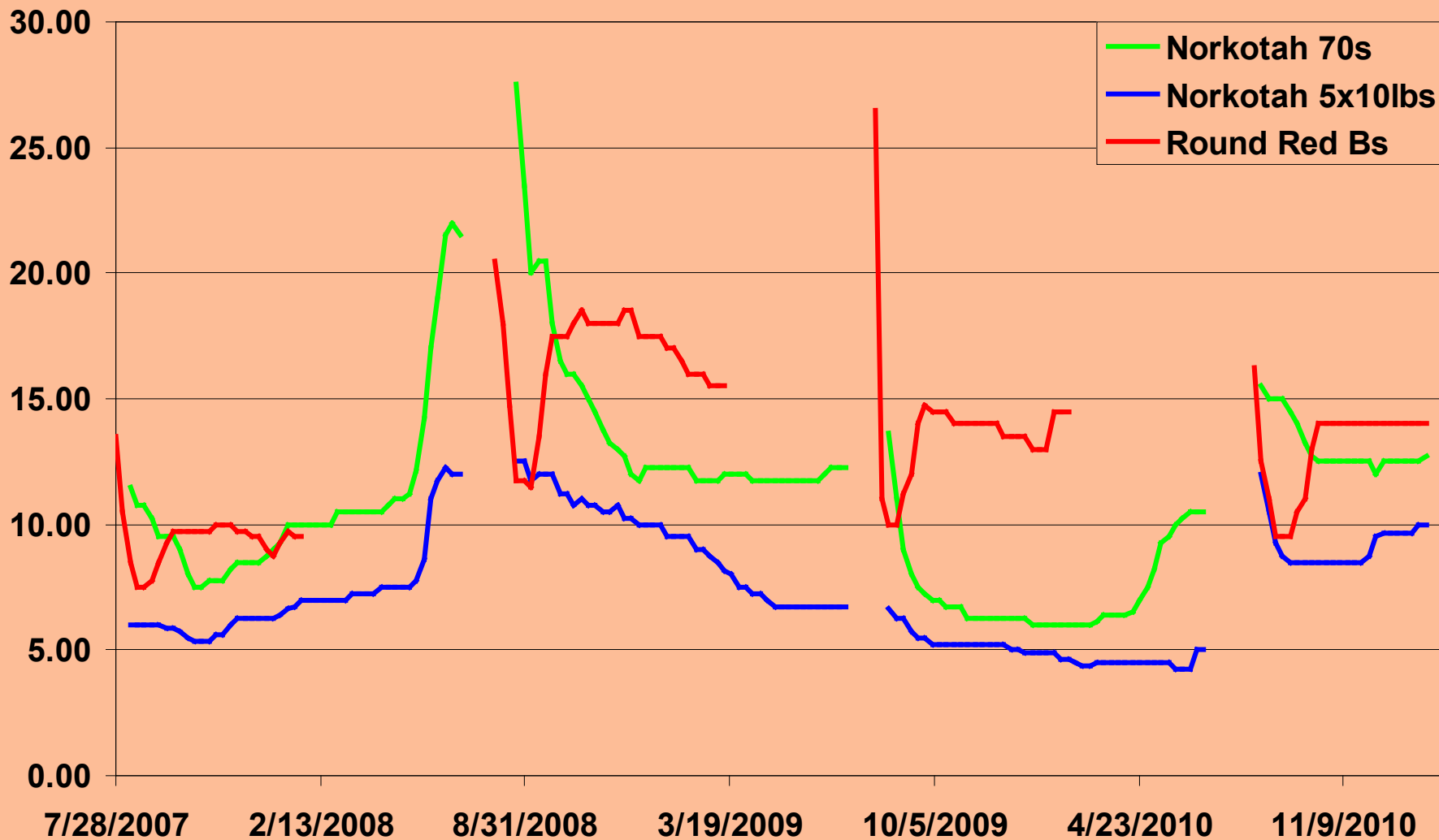
Billion Pounds



USDA-NASS  
1-21-2011

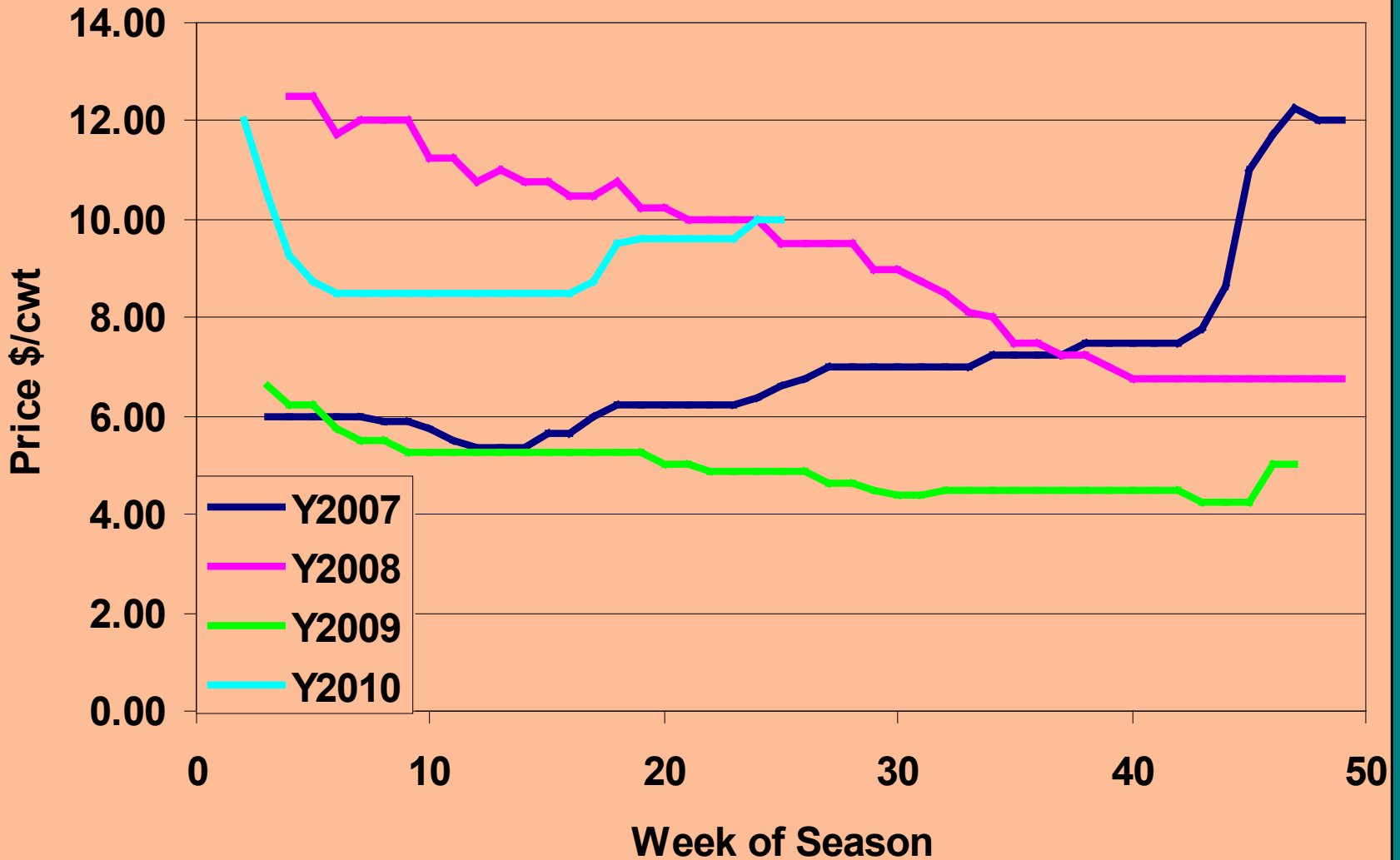
2007 2008 2009 2010

# USDA-AMS weekly average prices at terminal markets for Central Wisconsin fresh potatoes

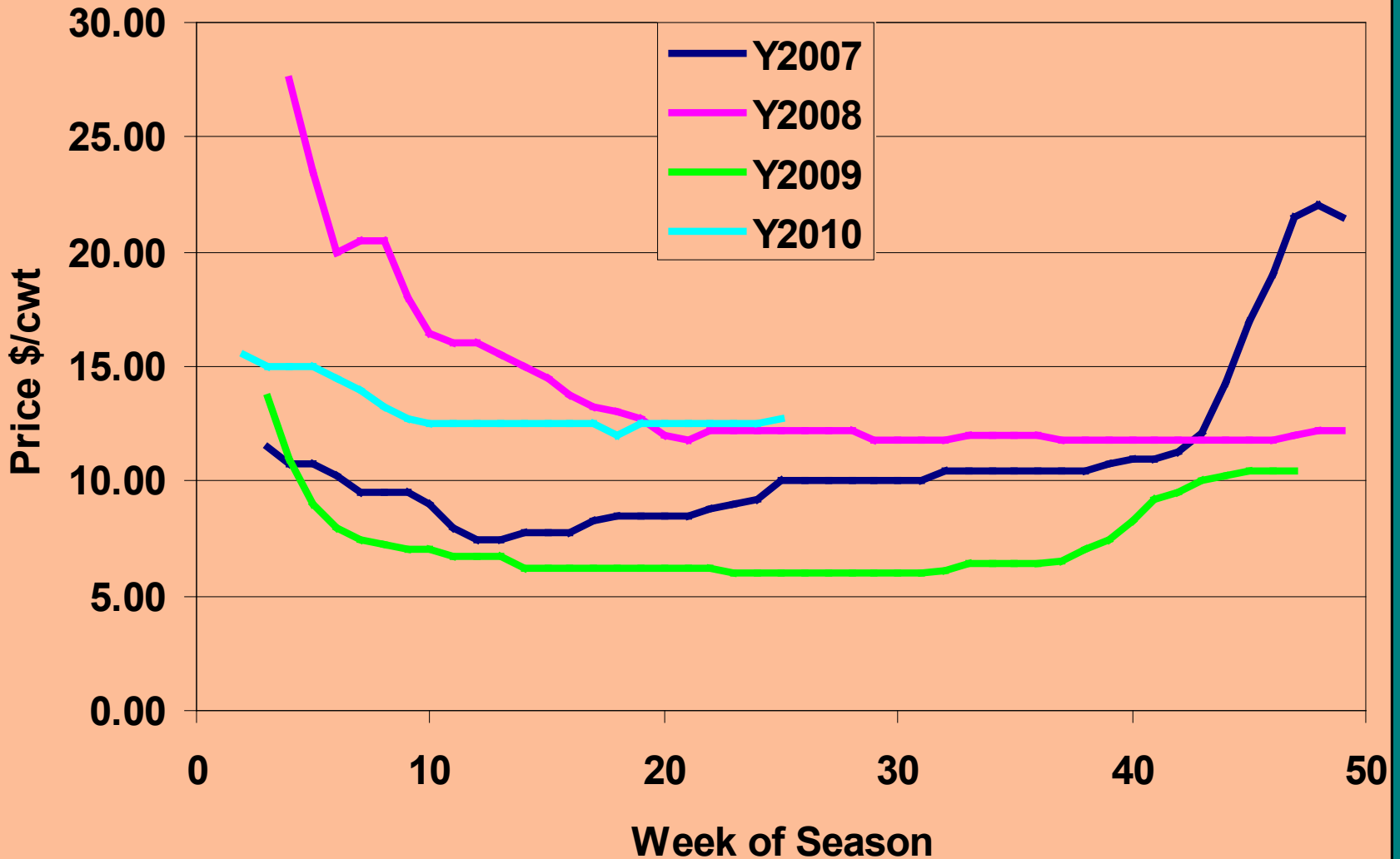




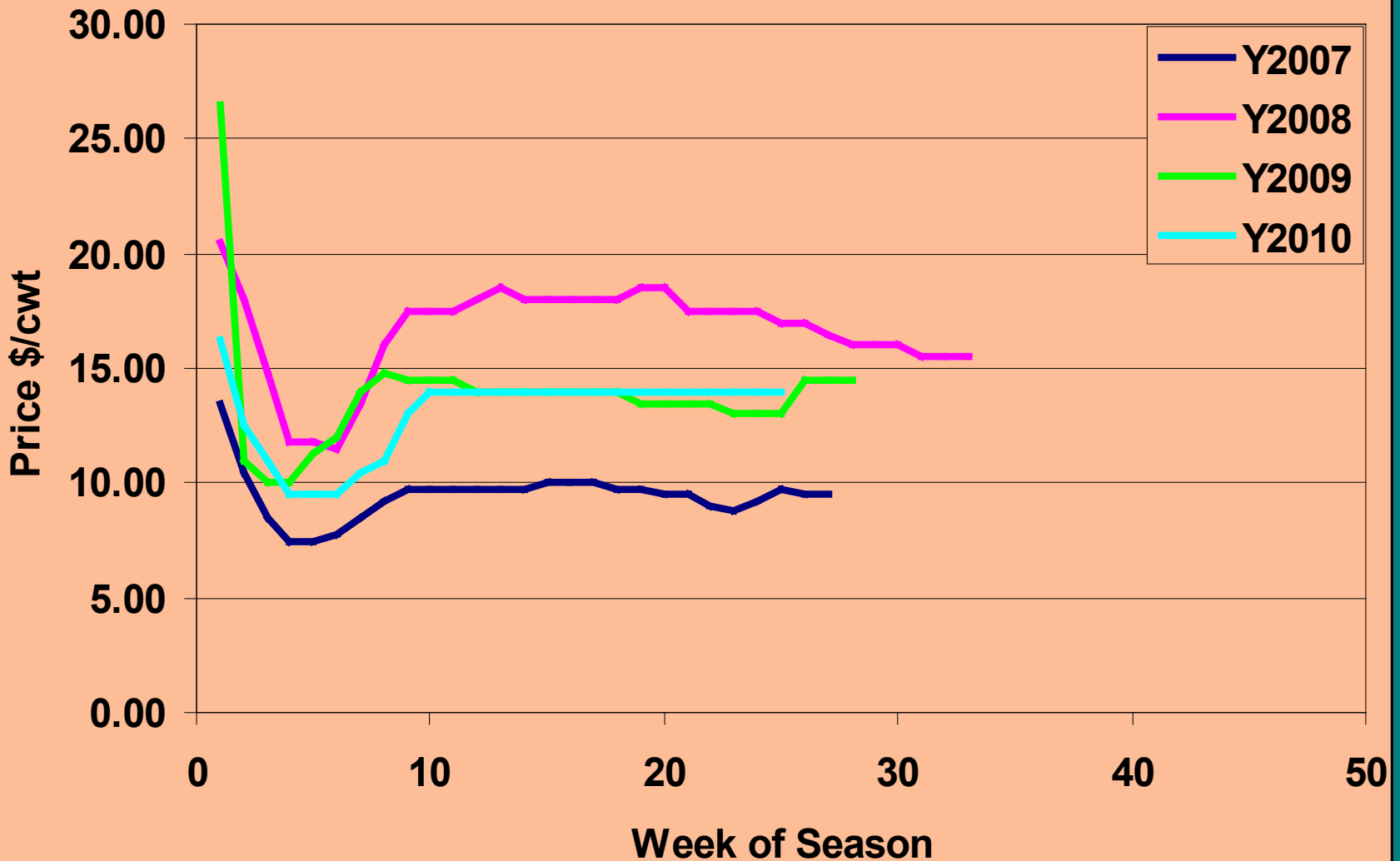
# Weekly average Central Wisconsin fresh potato prices (5 x 10 lb film bags)



# Weekly average Central Wisconsin fresh potato prices (50 lb carton 70s )



# Weekly average Central Wisconsin fresh potato prices (Red 50 lb sacks, size B)



# Summary

- No early harvest price peaks as we saw in 2008 and 2009
- Russet Norkotah better than last year, Reds as good as last year
- Price variability no there this year as in years past

# Questions?

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