

# The Economics Of Agronomics For 2009

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**W**e are just starting to get into fall harvest 2008, but plans are already underway for the 2009 crop season. Farm operators and their lenders are aware that many input costs have dramatically increased over the last couple of years.

My interest is agronomy, and most farmers genuinely enjoy the challenge of crop production. Ultimately, agronomists and farmers will agree that economics must rule. Fortunately, crop prices are up substantially; however, rapidly rising crop input costs can quickly eat into potential profit margins.

Almost everything is more expensive than it was previously. University of Illinois Extension economists suggest that high-productivity farms may see non-land production costs for corn increase from \$141 per acre to a projected \$529 per acre for 2009. Non-land soybean costs are projected at \$321 per acre, up by more than \$82 per acre over 2008. The credit needs of the average farm operator will clearly be increasing if these projections hold true. See this website for more information, [www.farmdoc.uiuc.edu/manage/newsletters/fo08\\_13/fo08\\_13.html](http://www.farmdoc.uiuc.edu/manage/newsletters/fo08_13/fo08_13.html)

Fertilizer is the input with the largest increase. For corn, fertilizer costs are projected at \$215 per acre, an increase of \$97 per acre over 2008

projected costs. The economists based costs on projected prices of \$1,000 per ton anhydrous ammonia, \$1,000 per ton diammonium phosphate, and \$900 per ton potash. Remember that actual prices can change significantly as markets change.

Good fertilizer management will be even more essential in 2009. The period right after harvest is an excellent time to bring your soil tests up to date. The principles of crop production and soil fertility management have not changed, only the prices of commodities purchased and sold have altered.

Balanced soil fertility will continue to be important for crop production. Producers may wish to re-examine new technologies such as site specific nutrient application. If you ask yourself, "Can I afford to apply fertilizer?" also ask "Can I afford not to apply fertilizer?" Some may say that it would be difficult to build soil fertility at today's prices, but few farm investments will pay greater returns than a well planned soil fertility program.

Yes, other crop costs such as seed, fuel and equipment have also increased. It is much more important that you know your actual costs and your farm's production capability. Significantly higher costs will likely occur in 2009. Study, research, communicate and develop a workable plan for your farm operation. Δ

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