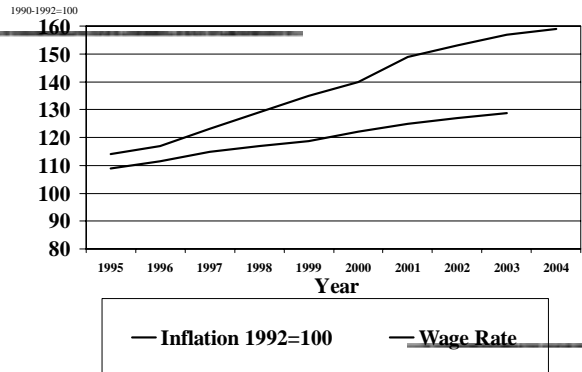


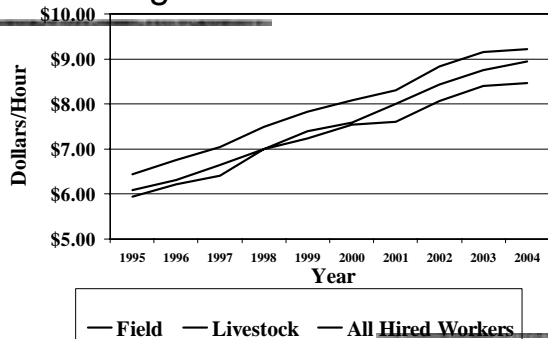
Crop Input Prices 2004 AAEA Annual Meetings

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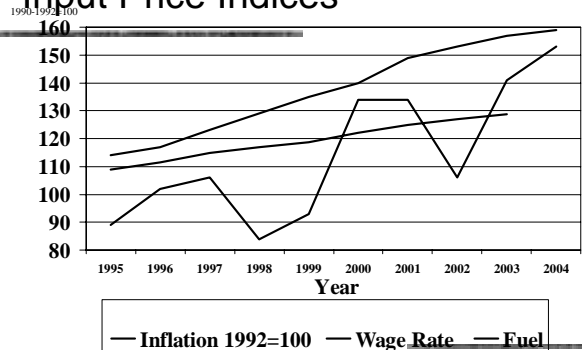
Input Price Indices

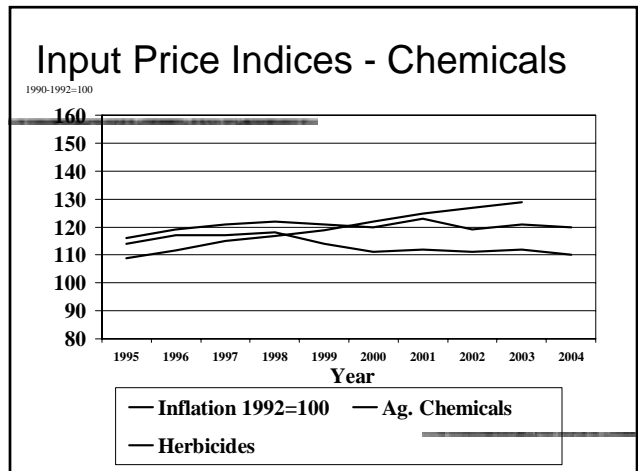
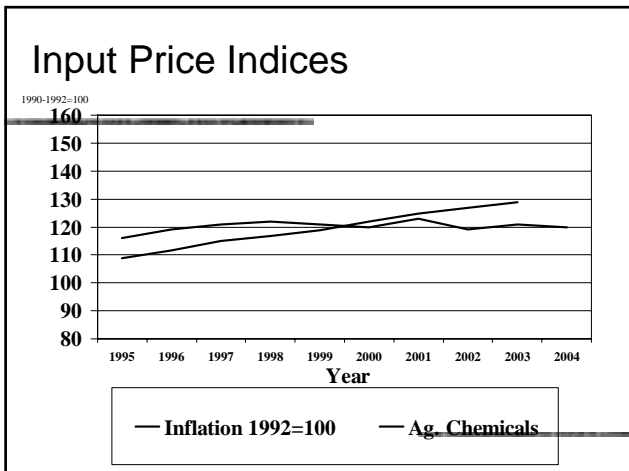
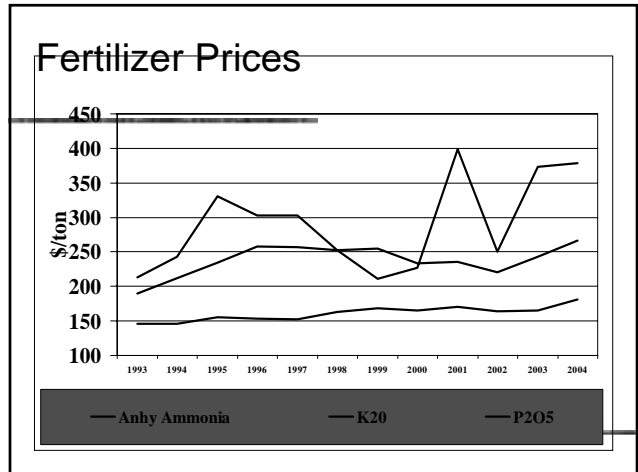
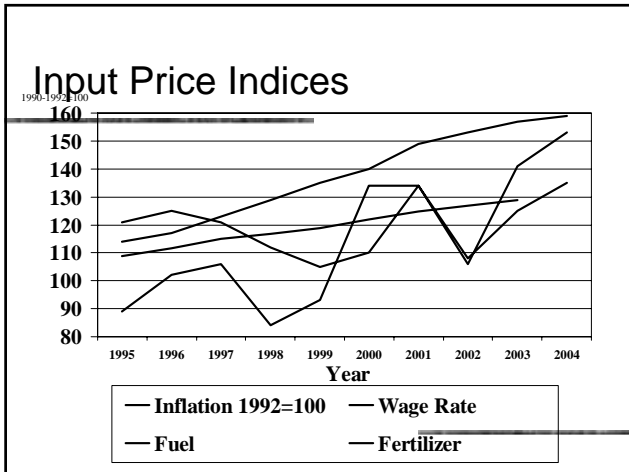


Farm Wages



Input Price Indices

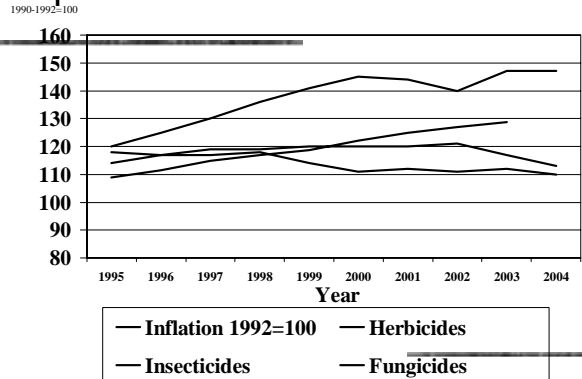




Herbicide Price Forecast

- Roundup went off patent about 4 years ago.
- Dual – broadspectrum Corn herbicide – went off patent in 2003.
- Gaucho – wheat herbicide – went off patent this year.
- Many herbicides will go off patent in the next 5 years.
- The chemical companies have few herbicides will significant patent lives remaining.

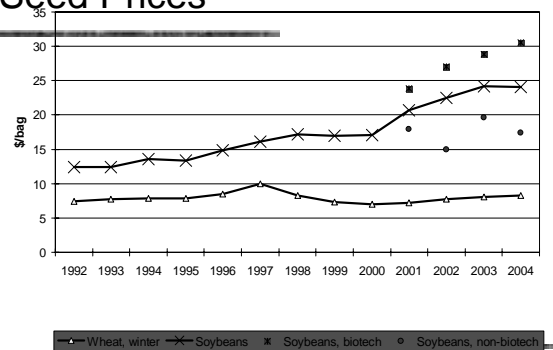
Input Price Indices - Chemicals

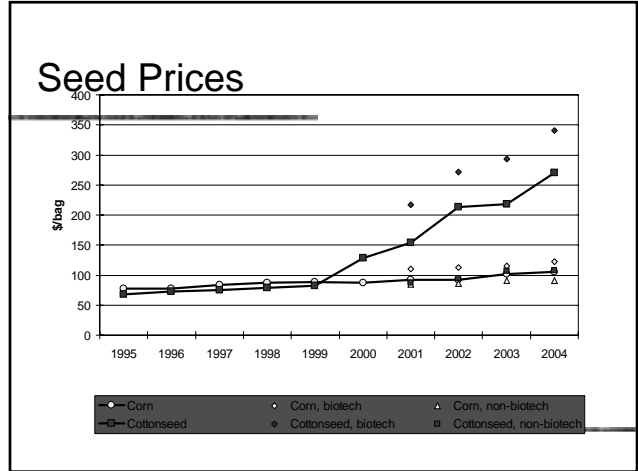
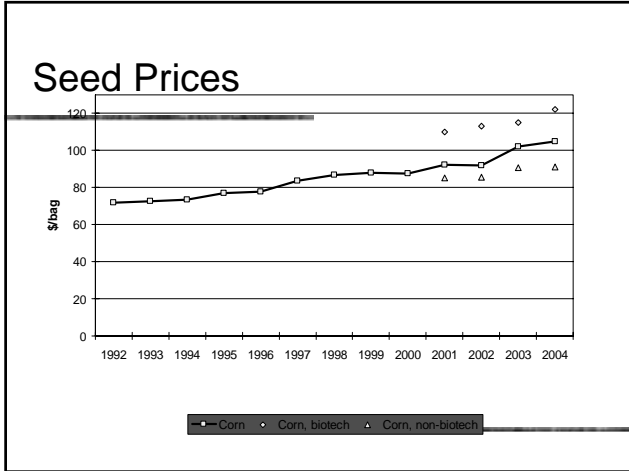


Fungicide Price Forecast

- Soybean Rust currently in S. America coming to US could add 1-3 fungicide applications/year to soybeans at a cost of \$15-20/application. Cut yields 10 to 80%.
- Fungicide as growth promotant gaining popularity
 - Quadris and Warrior (herbicide) gives 3-20 bushel increase in soybean yield
 - Headline gives yield boost to wheat. BASF seeking label for use on soybeans as fungicide. It would be used as a prophylactic treatment/growth promotant.

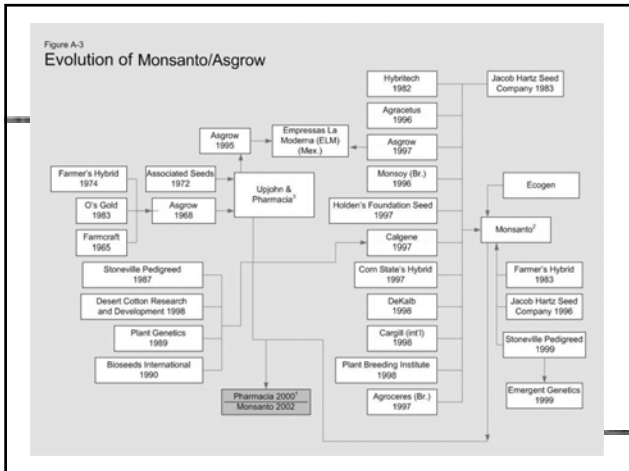
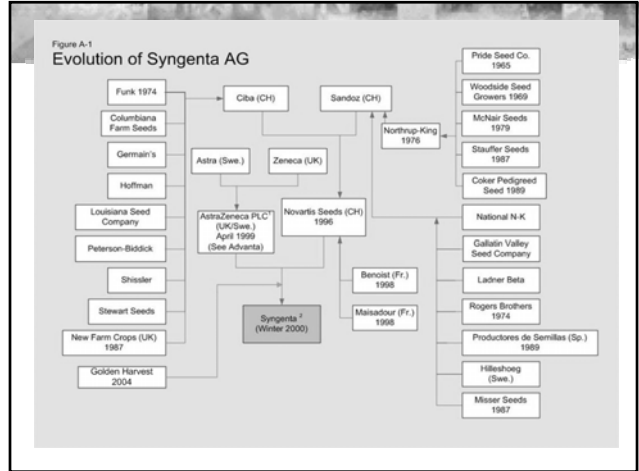
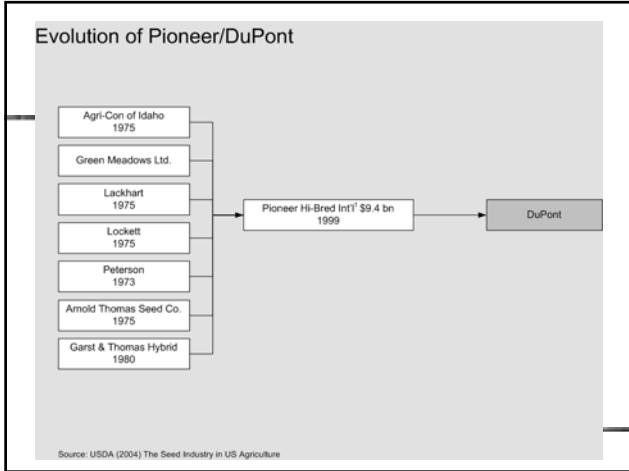
Seed Prices





- ### Seed Price Forecast
- Continue to increase faster than inflation as seed becomes a delivery mechanism for more input and output traits.
 - These prices increases may be sporadic jumps in certain seeds as opposed to gradual increases to all seed categories.
 - Local seed companies are still competitive in the midwest.
 - Roundup Seeds
 - Roundup Ready trait already seen its price increases in soybeans.
 - Monsanto withdrew Roundup Ready Wheat from US introduction.
 - Clearfield wheat could be successful.
 - Pioneer pulled the introduction of HAP corn.

- ### Bundling of Seed and Chemical
- Bundling is moving from the local supplier to the company.
 - Seed and chemical package bundling and sales promotions diminishes the value of published databases.



- ## Seed Coating Implications
- Seed is becoming the delivery mechanism for more than just the “plant”.
 - Seed coats are delivering pesticides and protect seeds until proper conditions for germination exist.
 - Farmers pay less for chemicals (or pay for chemicals when they buy their seed).
 - Farmers are able to farm more acres because they can enter the field earlier to plant seed that will lay dormant until proper conditions exist.

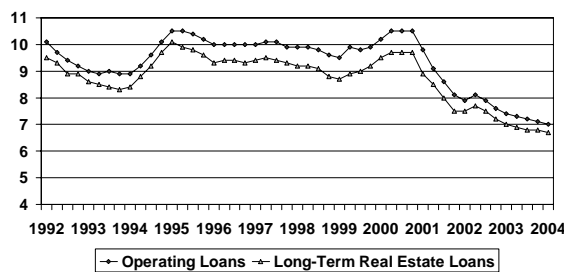
Technology Implications

- Size neutral – any size farm can use biotech or new chemicals
- Size enhancing – permits farmers to farm more acres by reducing time
- Cost reducing –
 - fixed costs are spread over more acres
 - greater productivity per added dollar of expense.

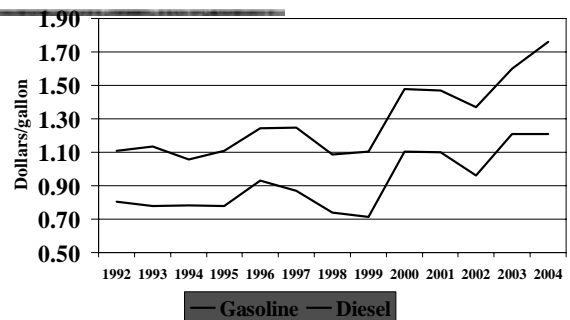
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Interest Rates



Fuel Prices



Crop Production Expenses

	Corn	Soybeans
Variable Cash Costs	145	109
Land & Machinery	193	158
Total Cost	338	267
135 bu corn; 45 bu SB	\$2.50	\$5.93
150 bu corn; 50 bu SB	\$2.25	\$5.34
120 bu corn; 40 bu SB	\$2.81	\$6.67

Cost of Soybean Production

