

# INPUT COSTS FOR 2010

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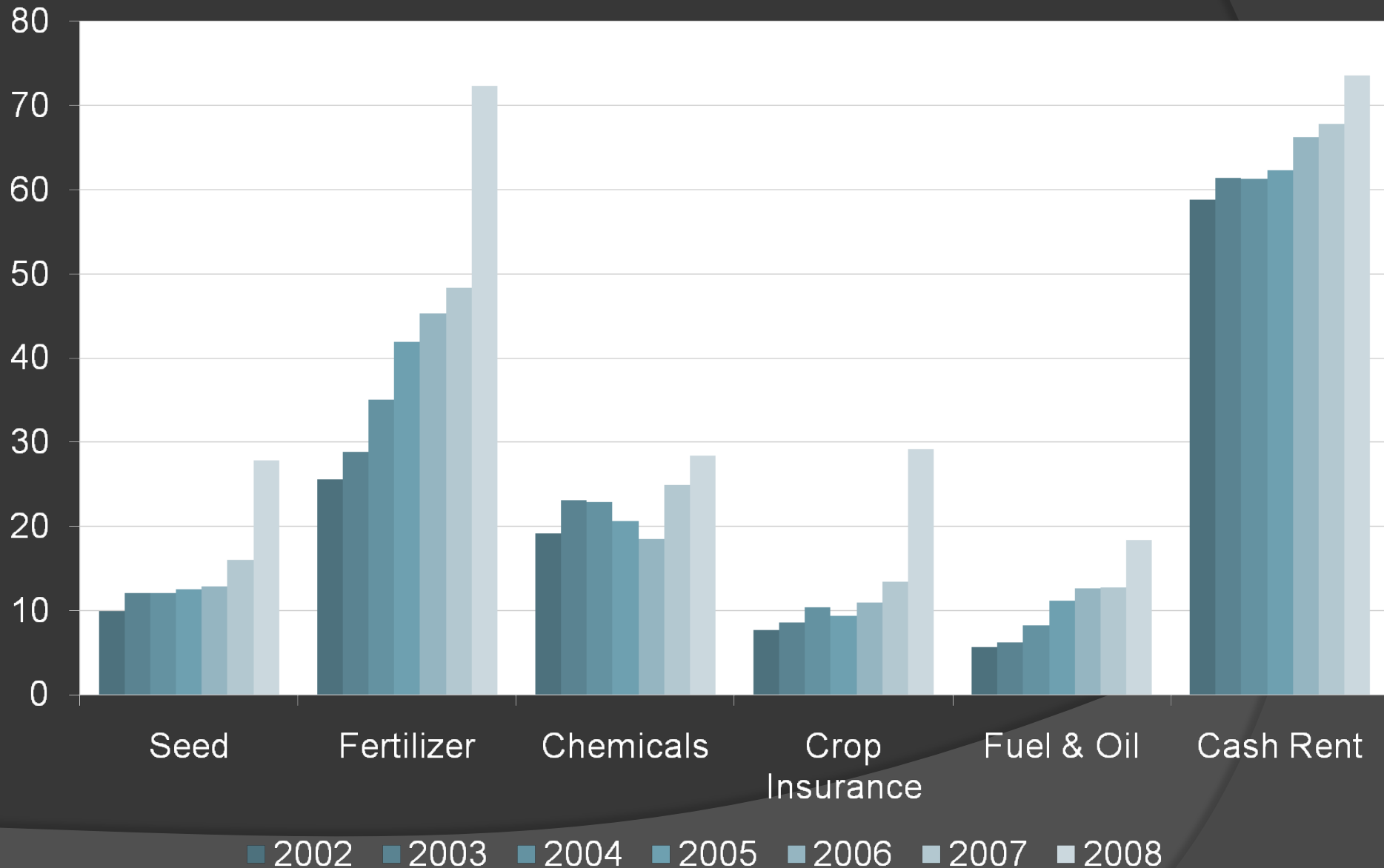
Generally,

- Costs Trend with Crop Prices

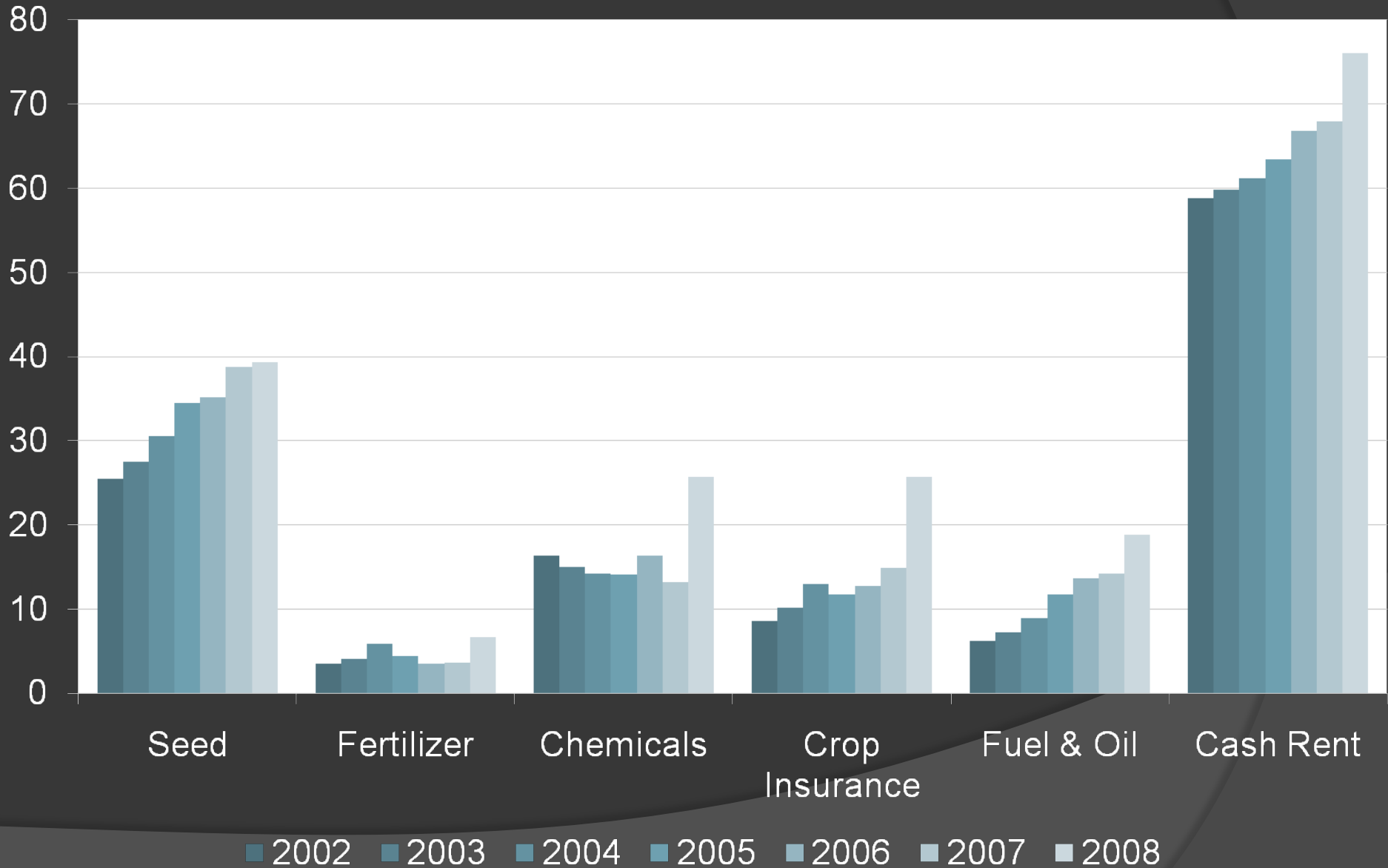
Therefore,

Costs Topped out in 2008

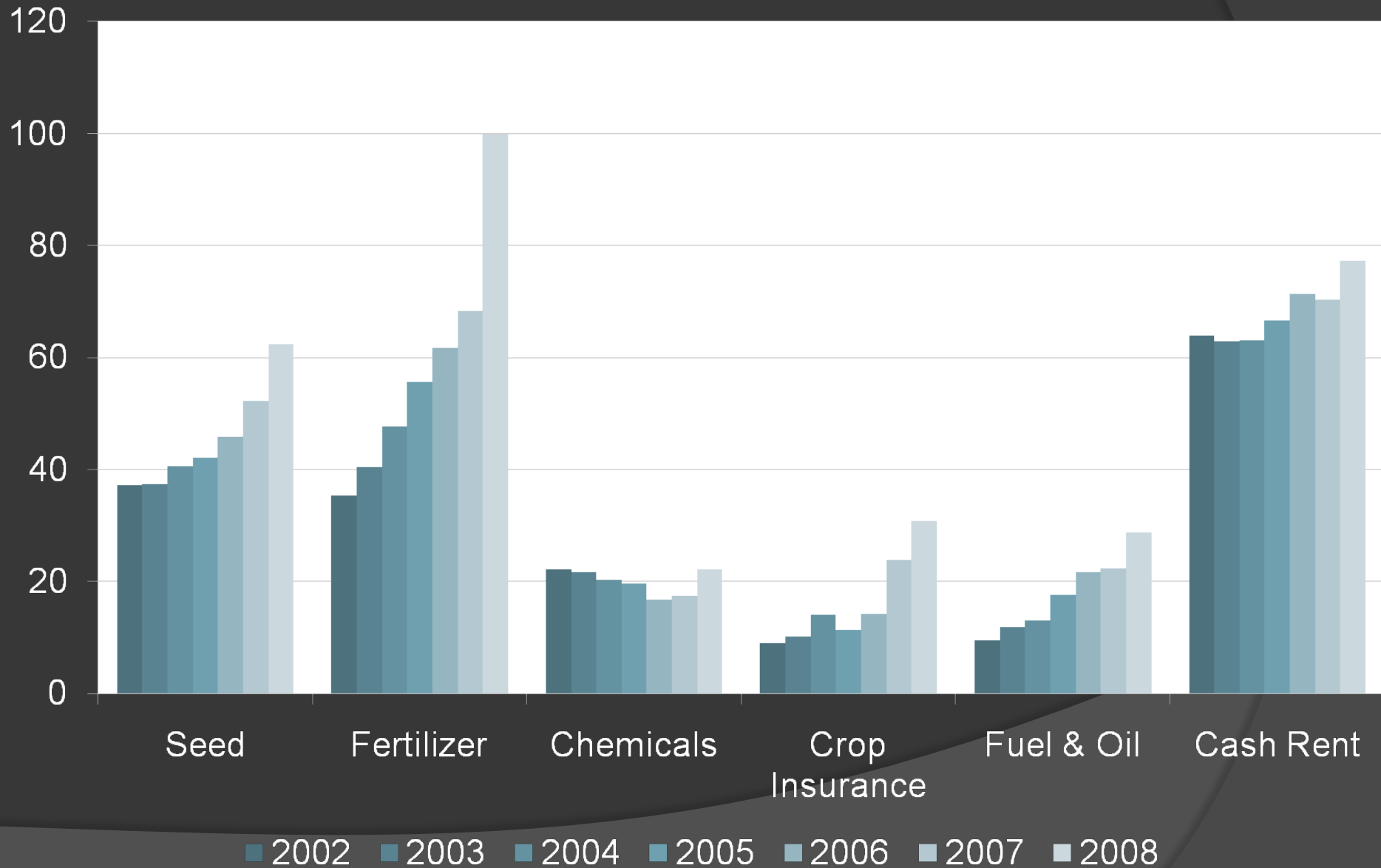
# MN-ND RRV FBM, Selected Wheat Expenses



# MN-ND RRV FBM, Selected Soybean Expenses



# MN-ND RRV FBM, Selected Corn Expenses



# 2010 Cost Projections

- Seed fairly flat  
small grains down some
- Fertilizer down 34%
- Fuel & lube up 25%
- Insurance fairly flat
- Chemical flat to slightly down
- Repair up some
- Other direct up some
- Cash rent flat
- Overhead up some

**2010F SEAMLESS ASGROW PRICING;  
WEIGHTED AVERAGE<sup>1</sup>**

1<sup>st</sup> Generation Roundup  
Ready Seed Price

\$52/ac

Roundup Ready 2 Yield  
Seed Price

\$74/ac<sup>2</sup>

**ACRES**

U.S. Acre Opportunity

45-55M

2009F acres

1.5M

2010F acres

7-8M

**2010F DEKALB PRICING; WEIGHTED  
AVERAGE<sup>1</sup>**

YieldGard VT Triple

\$111/ac

SmartStax Price

\$130/ac

**2010F ACRES**

U.S. Acre Opportunity

50-65 M

Launch Acres

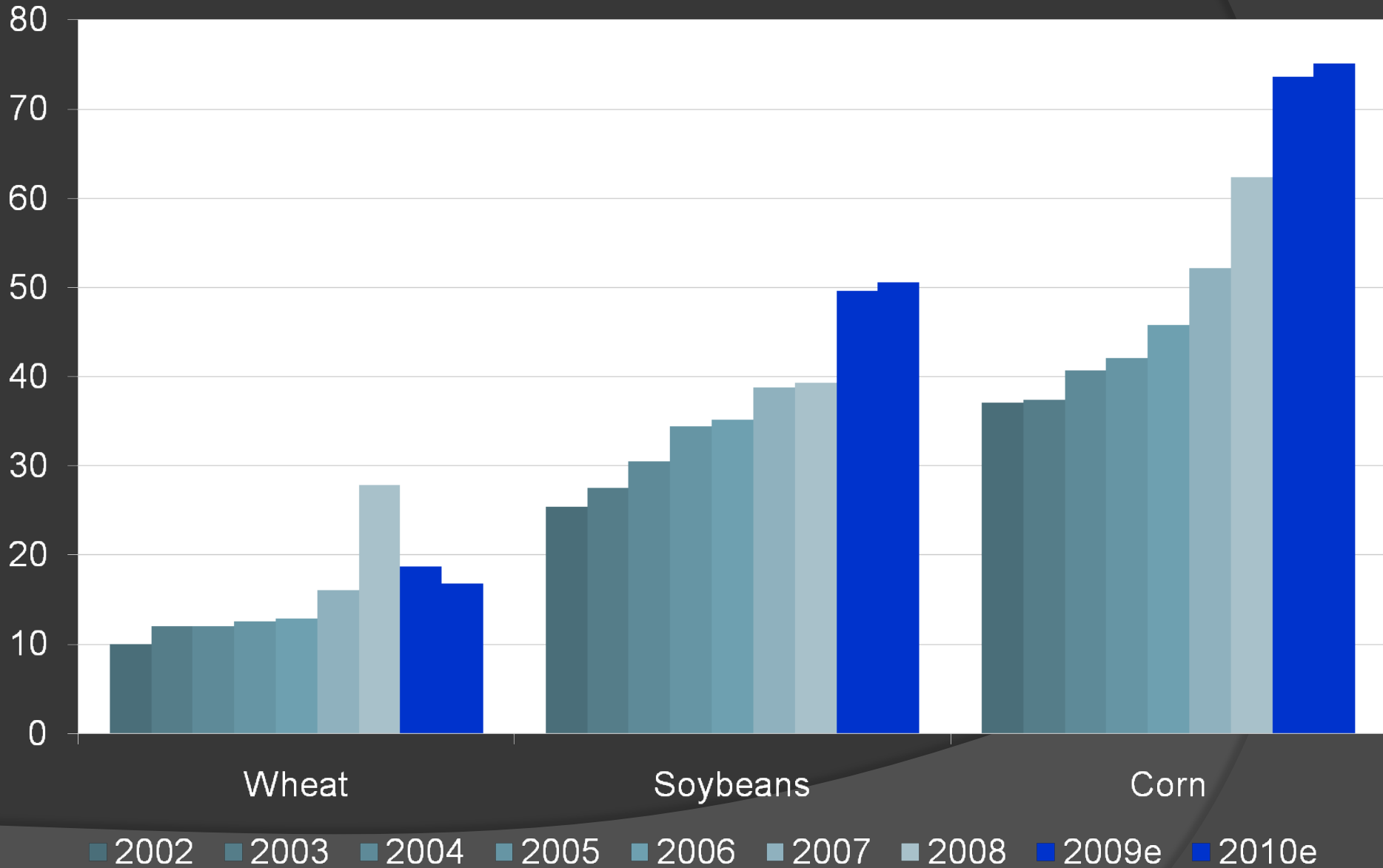
3-4 M

<sup>1</sup> Reflects seamless price to farmer for germplasm, trait and seed treatment

<sup>2</sup> Includes Acceleron seed treatment

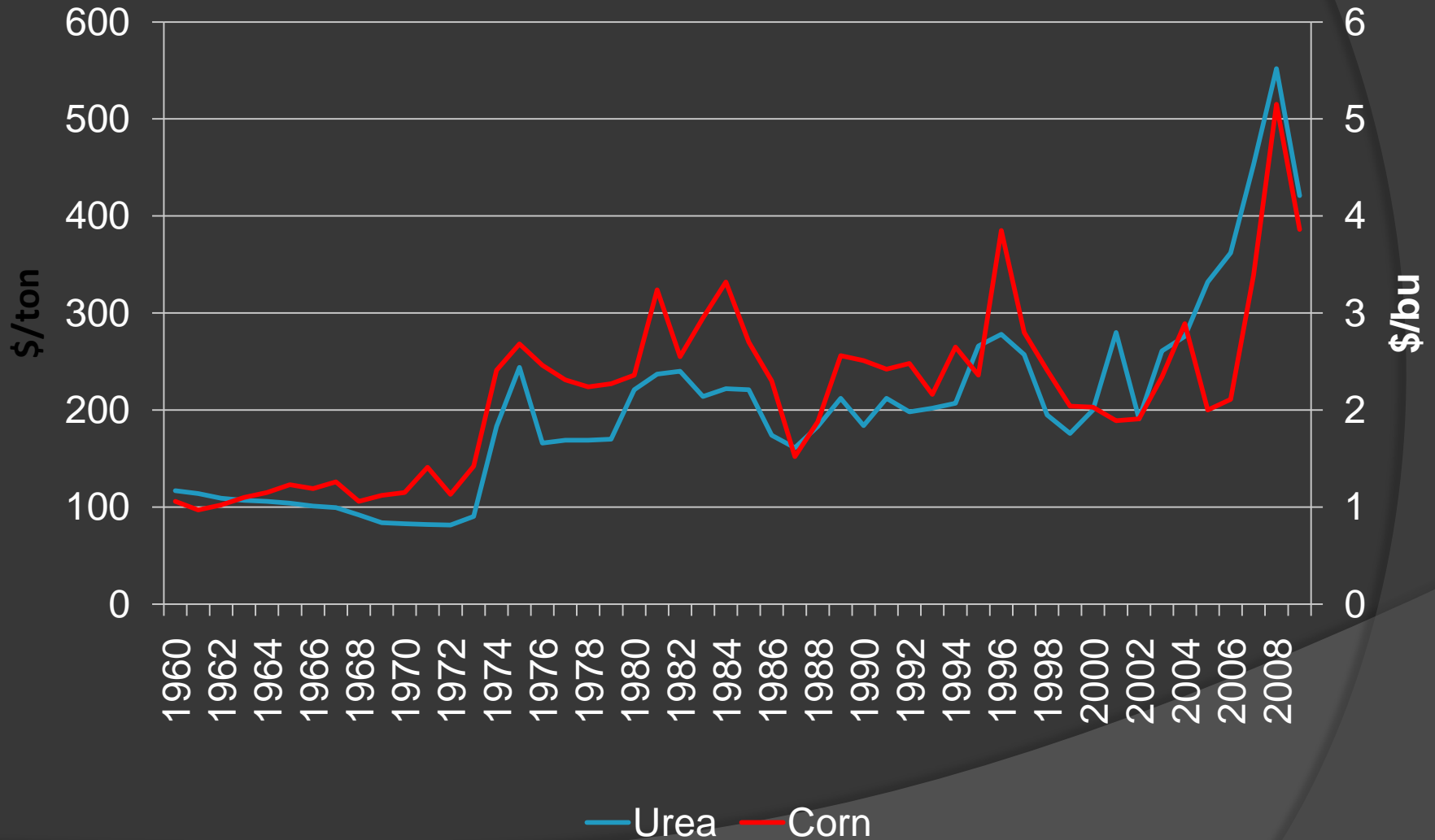
# Seed Expenses

MN-ND RRV FBM

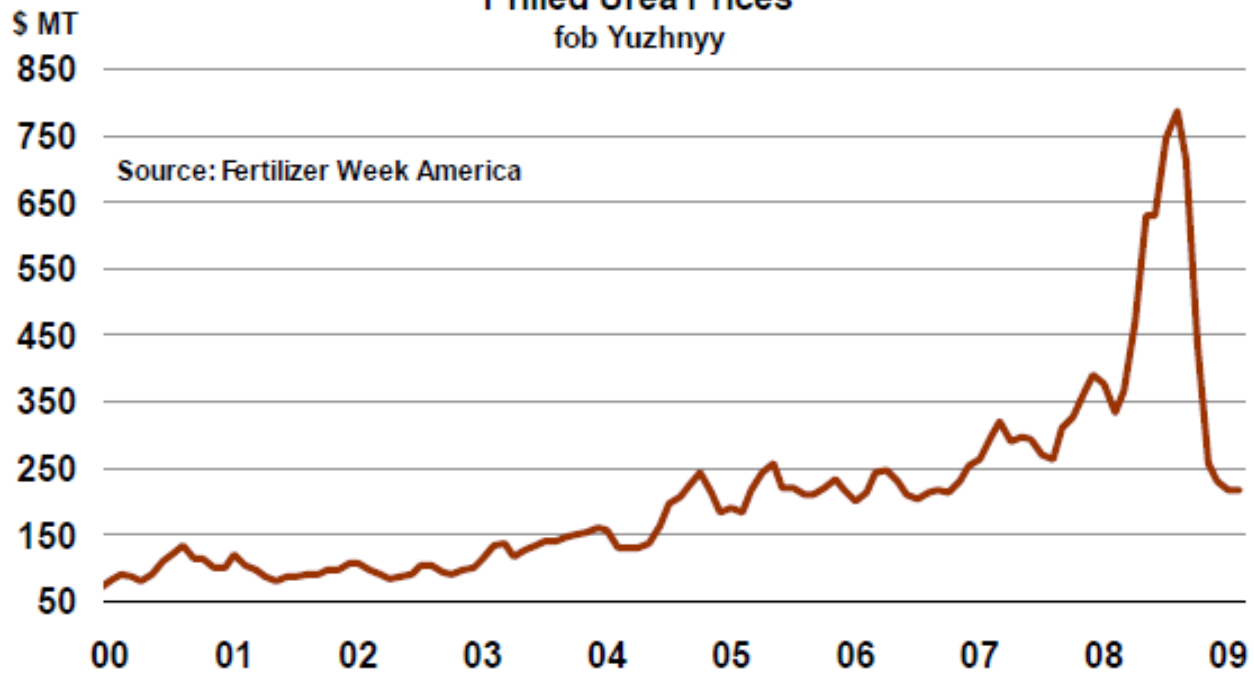


# U.S. Urea and Corn Prices, April

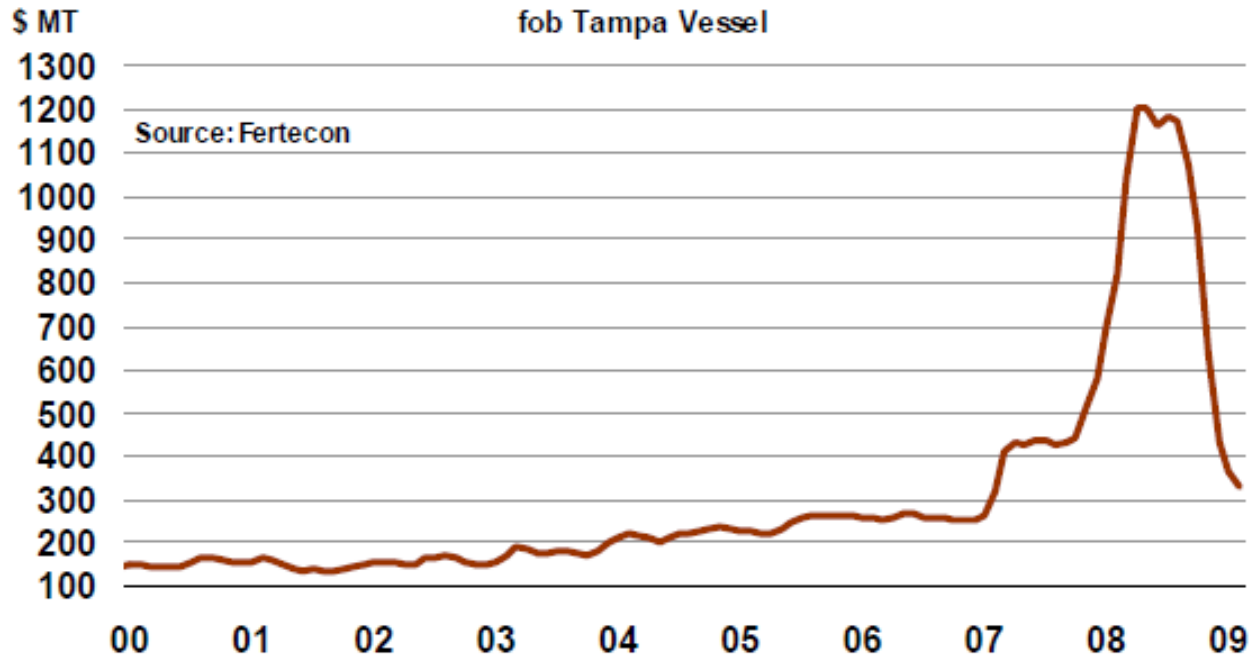
(March prices for 2009)



### Prilled Urea Prices fob Yuzhnyy



### DAP Prices fob Tampa Vessel

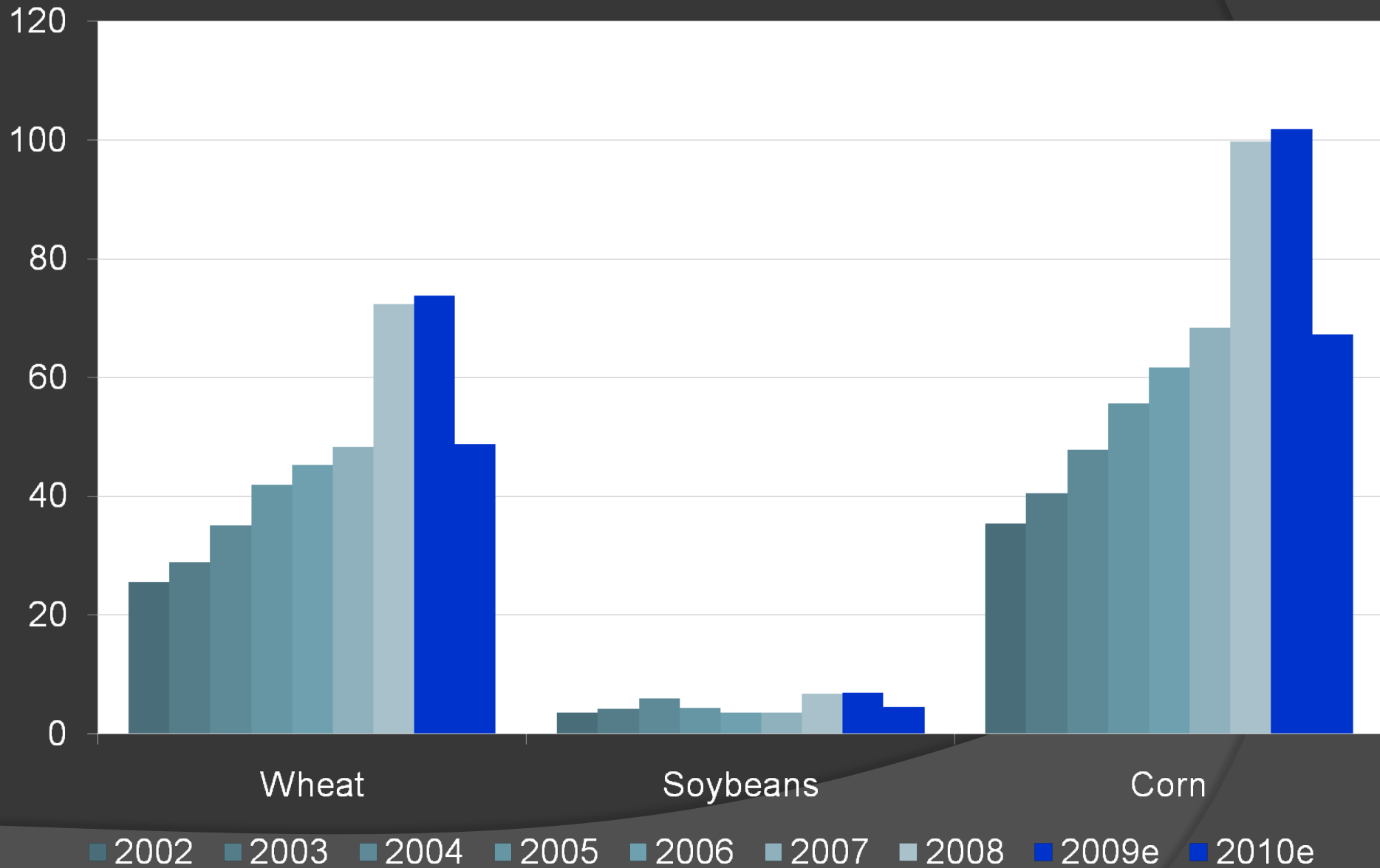


# Fertilizer – the India Factor

- Since 2000, 60% of world demand increase is from China and India; by 2008, make up 45% all demand.
- India now accounts for 20% of world urea imports, up from 1% in 2003.
- World import demand for Urea collapses during Sept. 2008, starting with India.
- In July, 2009 Russia's Silvinit undercuts rivals by 26% in Potash deal to India for \$460/ton
- India had weakest monsoon in 5 years which reduces fertilizer demand. Some areas have carryover urea stockpiled.

# Fertilizer Expenses

MN-ND RRV FBM



# Mining Potassium from Soil

(a longer term concern)

Crop	K <sub>2</sub> O Removal
Wheat (50 bu)	15 lbs
Corn (120 bu)	20 lbs
Soybean (40 bu)	60 lbs

# Cost Factors

- Price

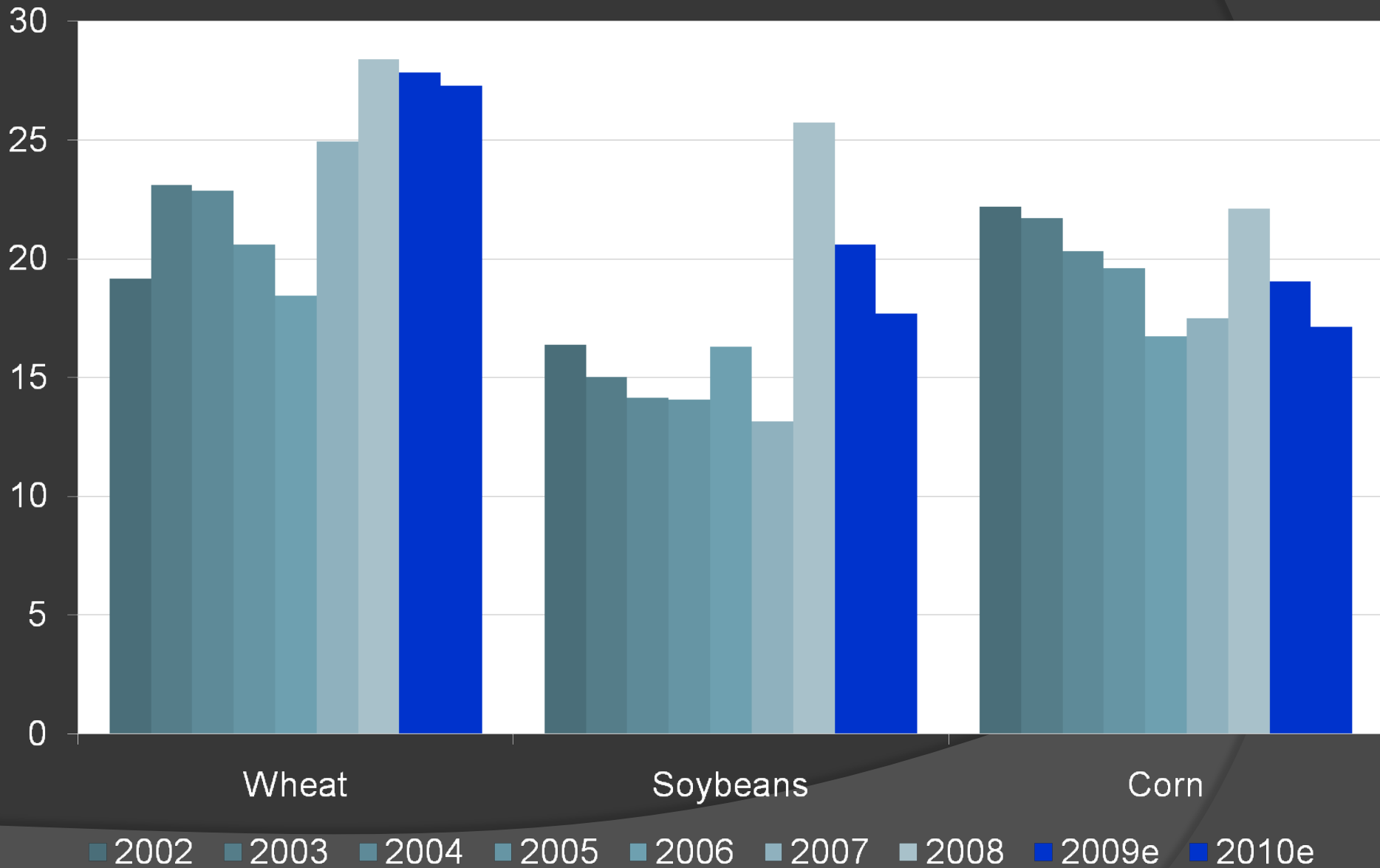
- Quantity

  - slight adjustment or,

  - all or none (pesticide decision)

# Chemical Expenses

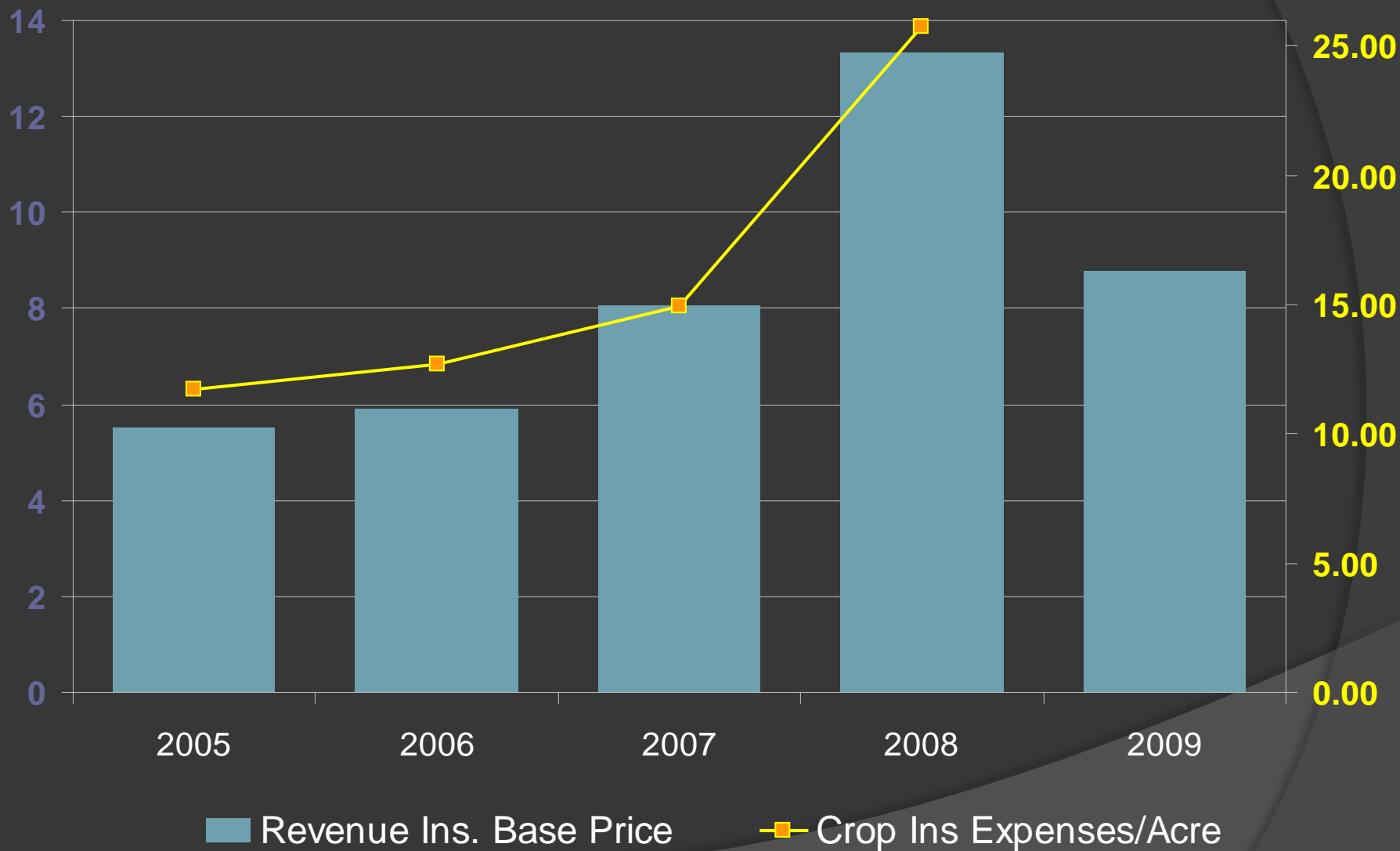
MN-ND RRV FBM



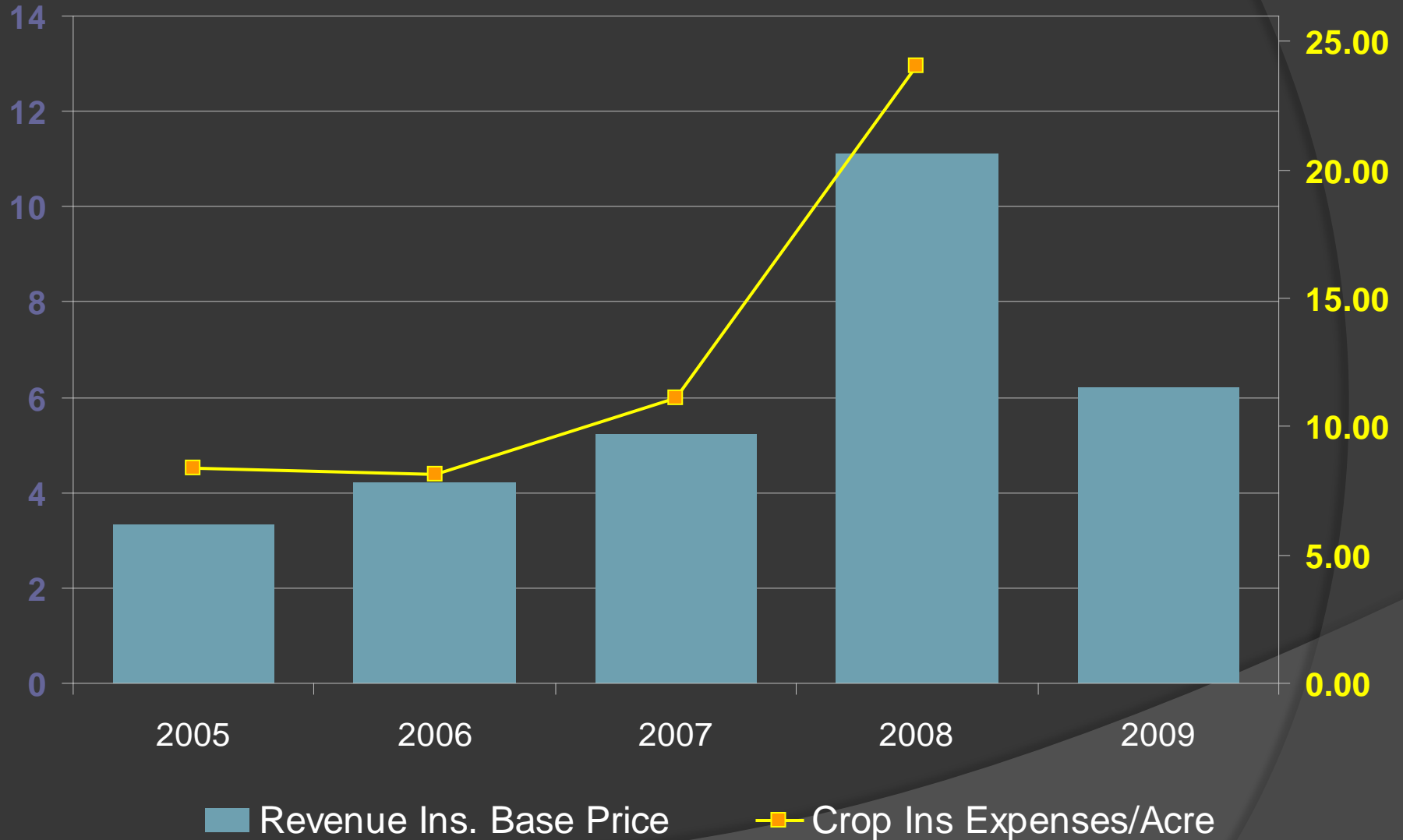
# Crop Insurance Cost Factors

- Policy
- Insured Price
- Coverage Level
- Unit Type

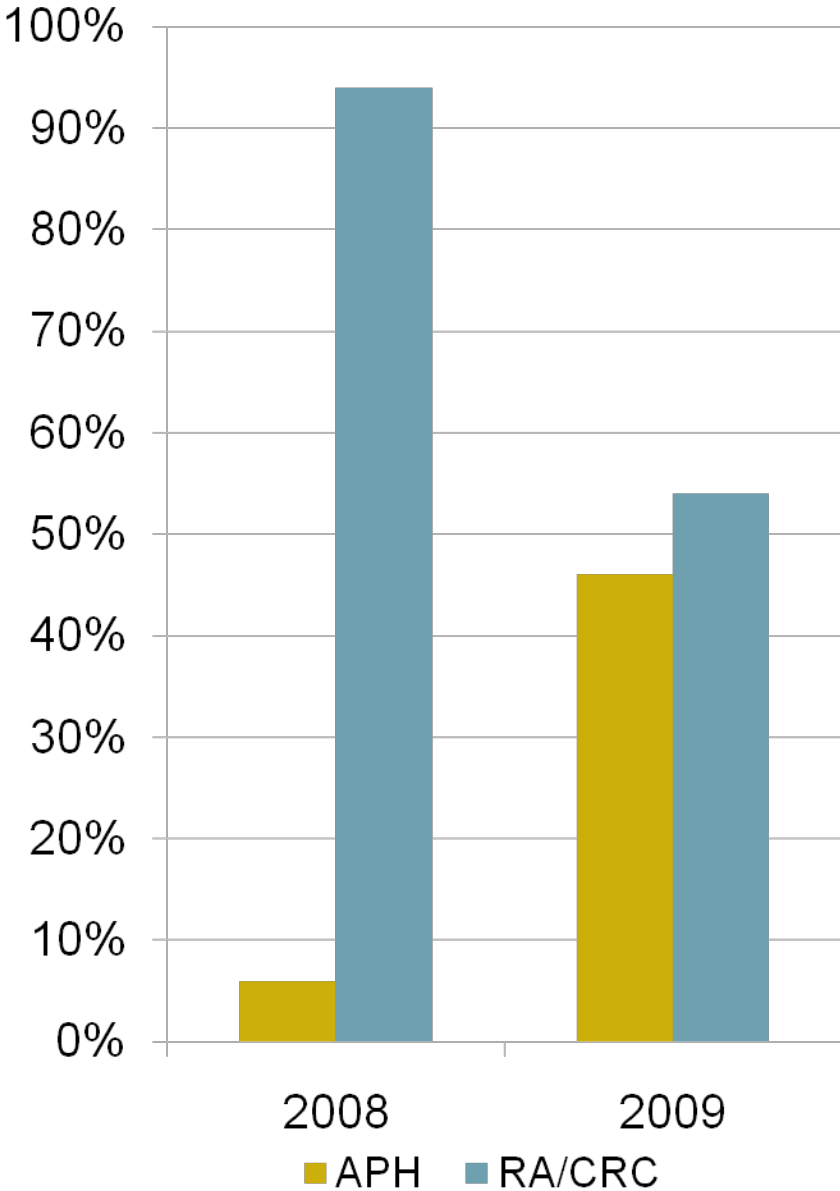
# Soybean Revenue Insurance Spring (base) Price and Total Crop Insurance Expenditures Per Acre MN-ND RRV FBM



# Wheat Revenue Insurance Spring (base) Price and Total Crop Insurance Expenditures Per Acre ND Farm Business Management (Excluding RRV)



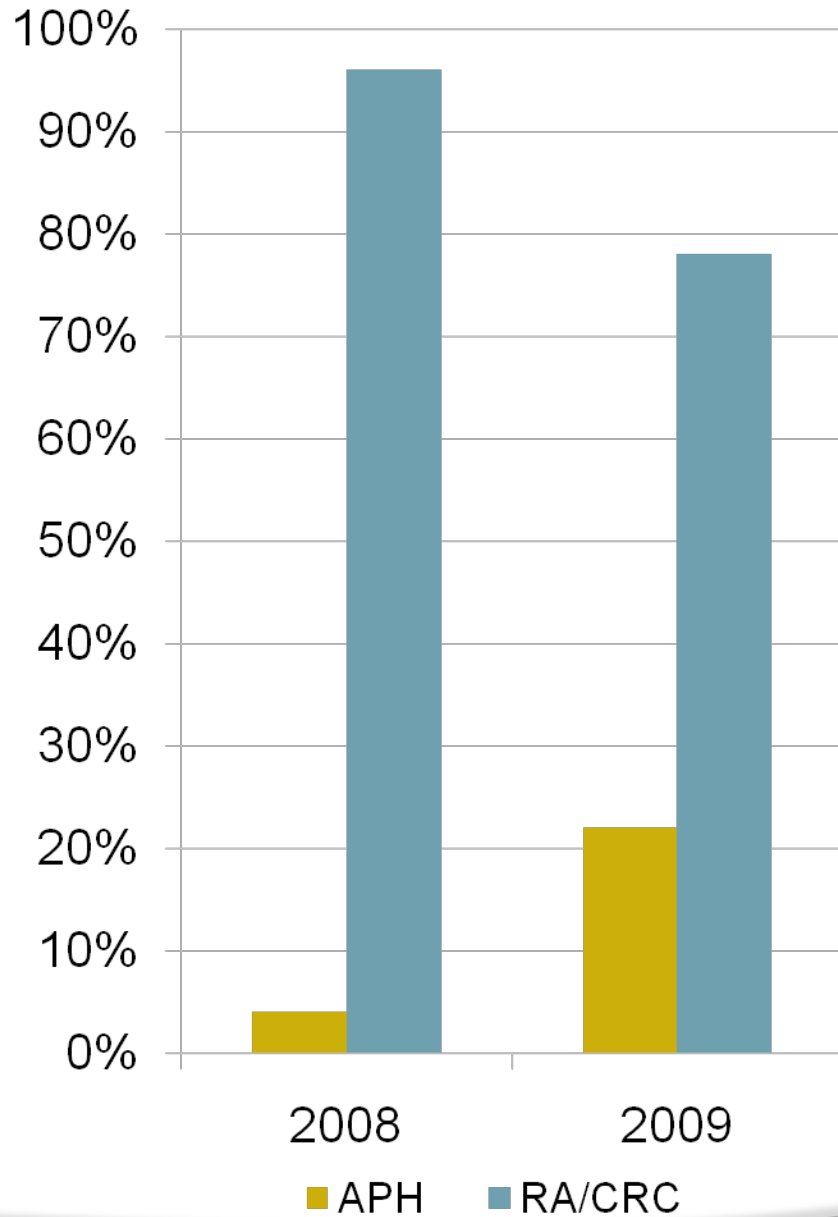
## ND Insured Wheat Acreage



## Wheat Insured Prices

	2008	2009
APH	9.25	6.70
RA/CRC	11.11	6.20

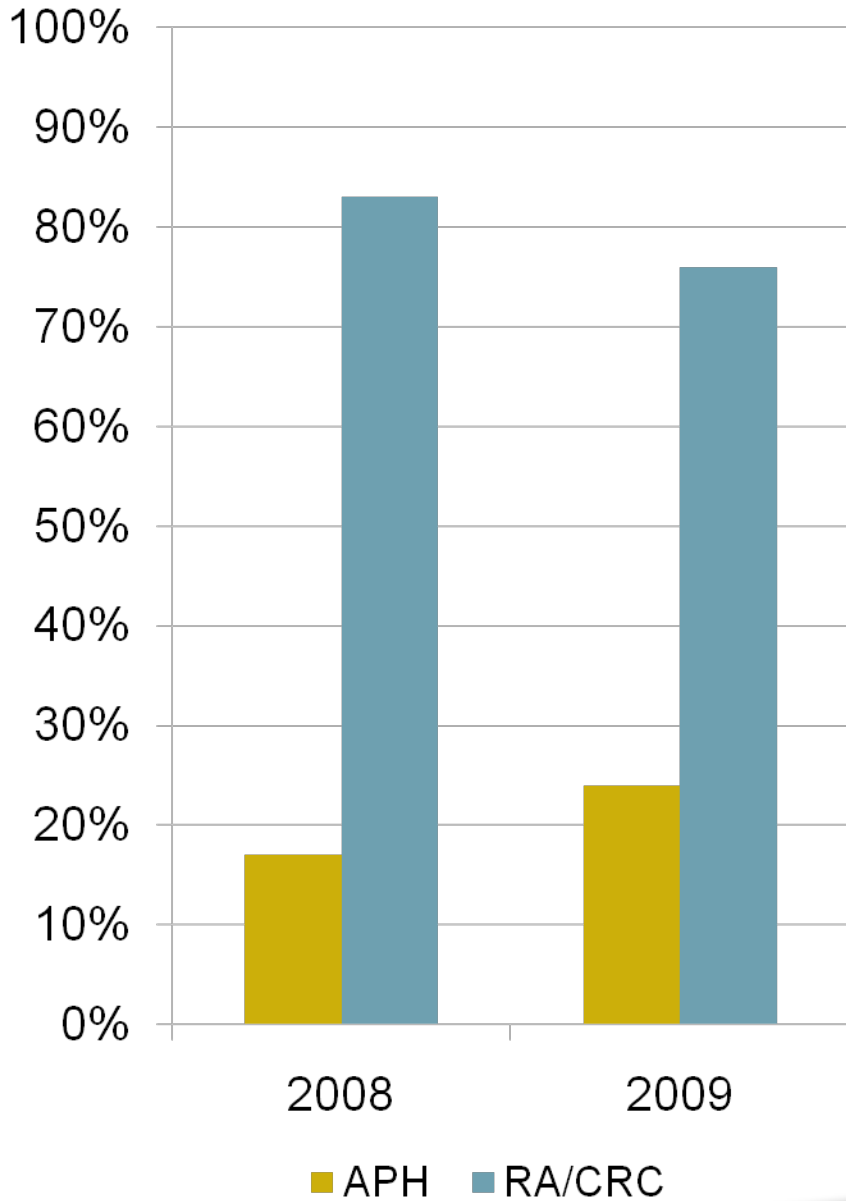
## ND Insured Soybean Acreage



## Soybean Insured Prices

	2008	2009
APH	11.50	9.90
RA/CRC	13.36	8.80

## ND Insured Corn Acreage

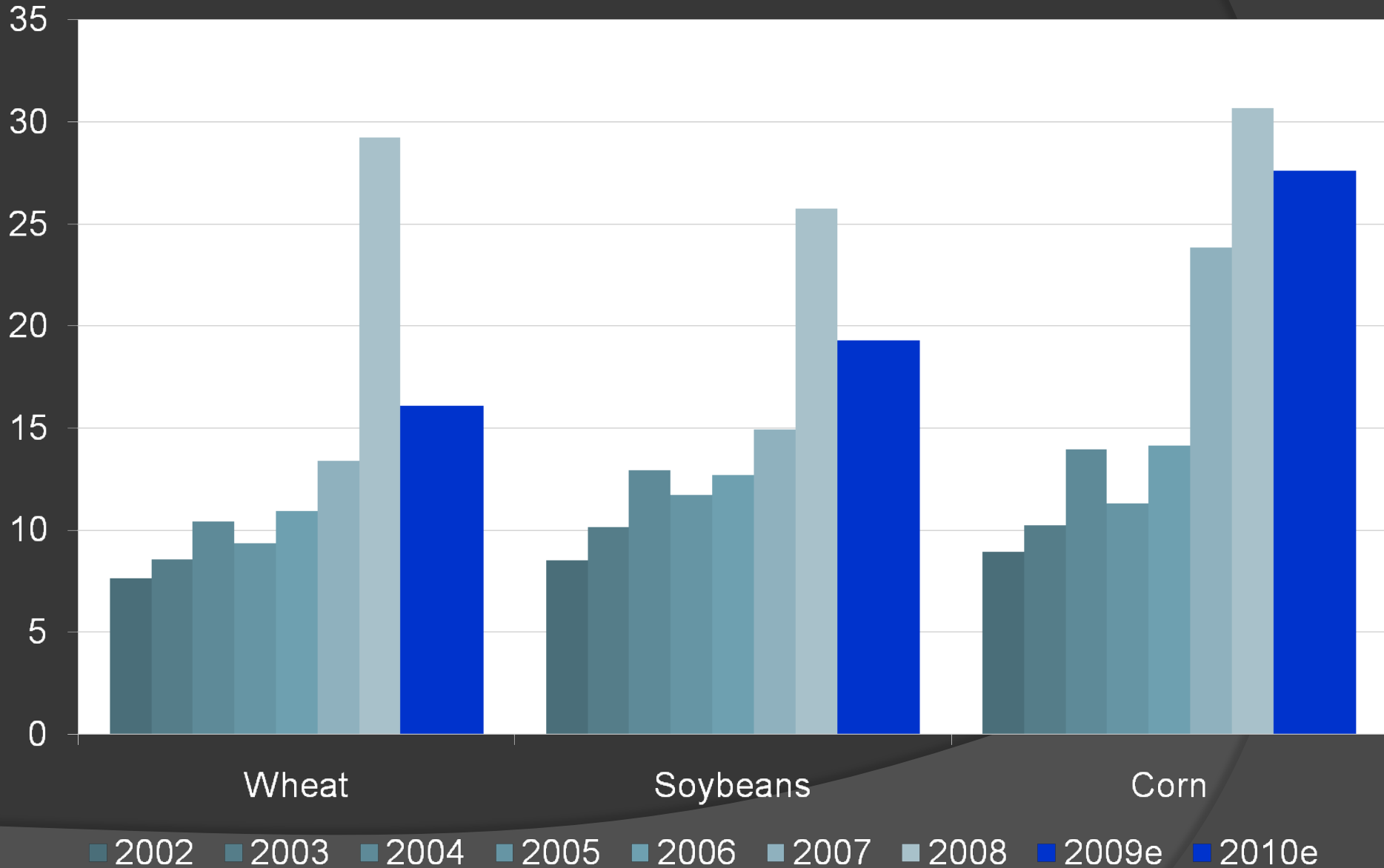


## Corn Insured Prices

	2008	2009
APH	4.75	4.00
RA/CRC	5.40	4.04

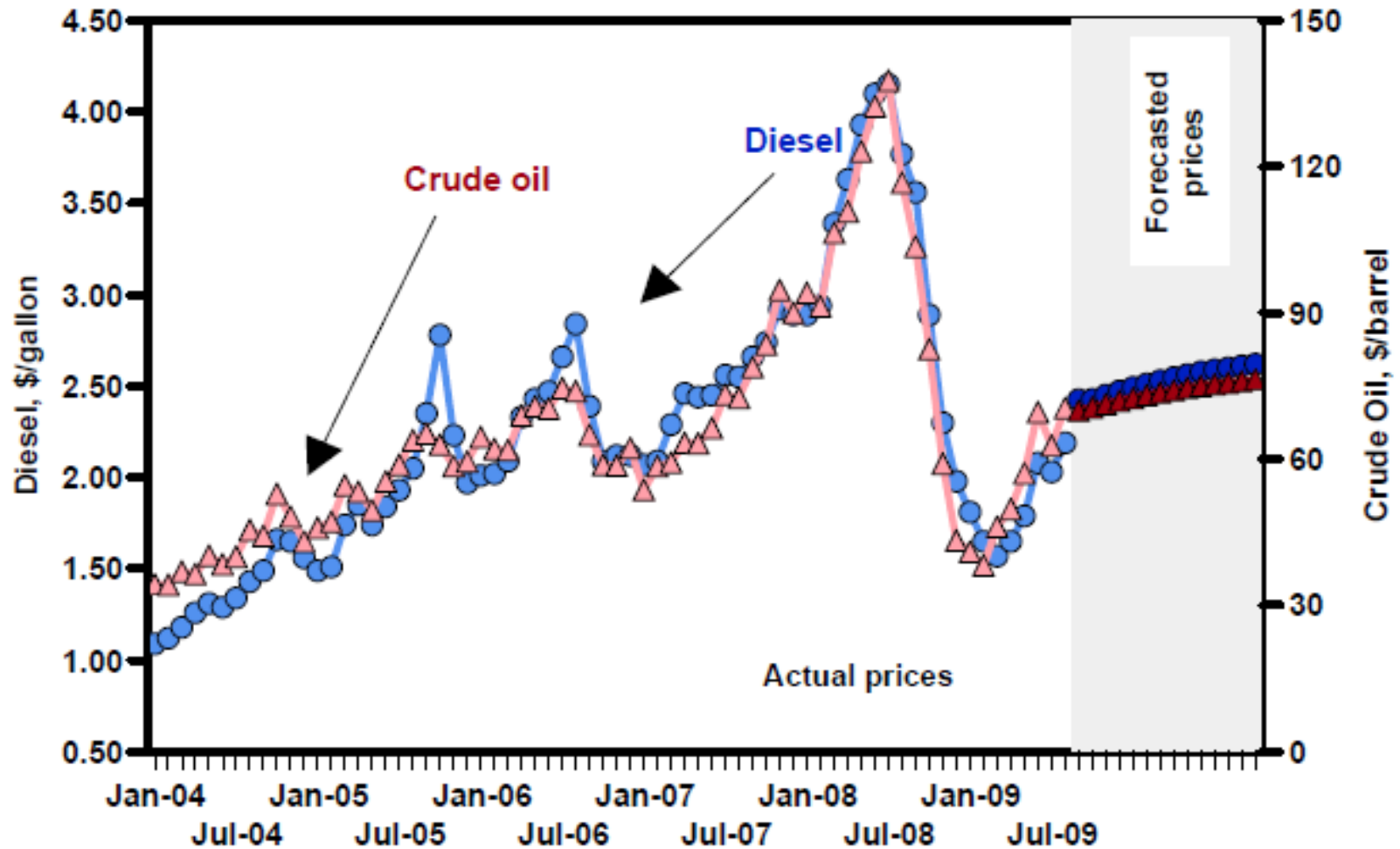
# Crop Insurance Expenses

MN-ND RRV FBM



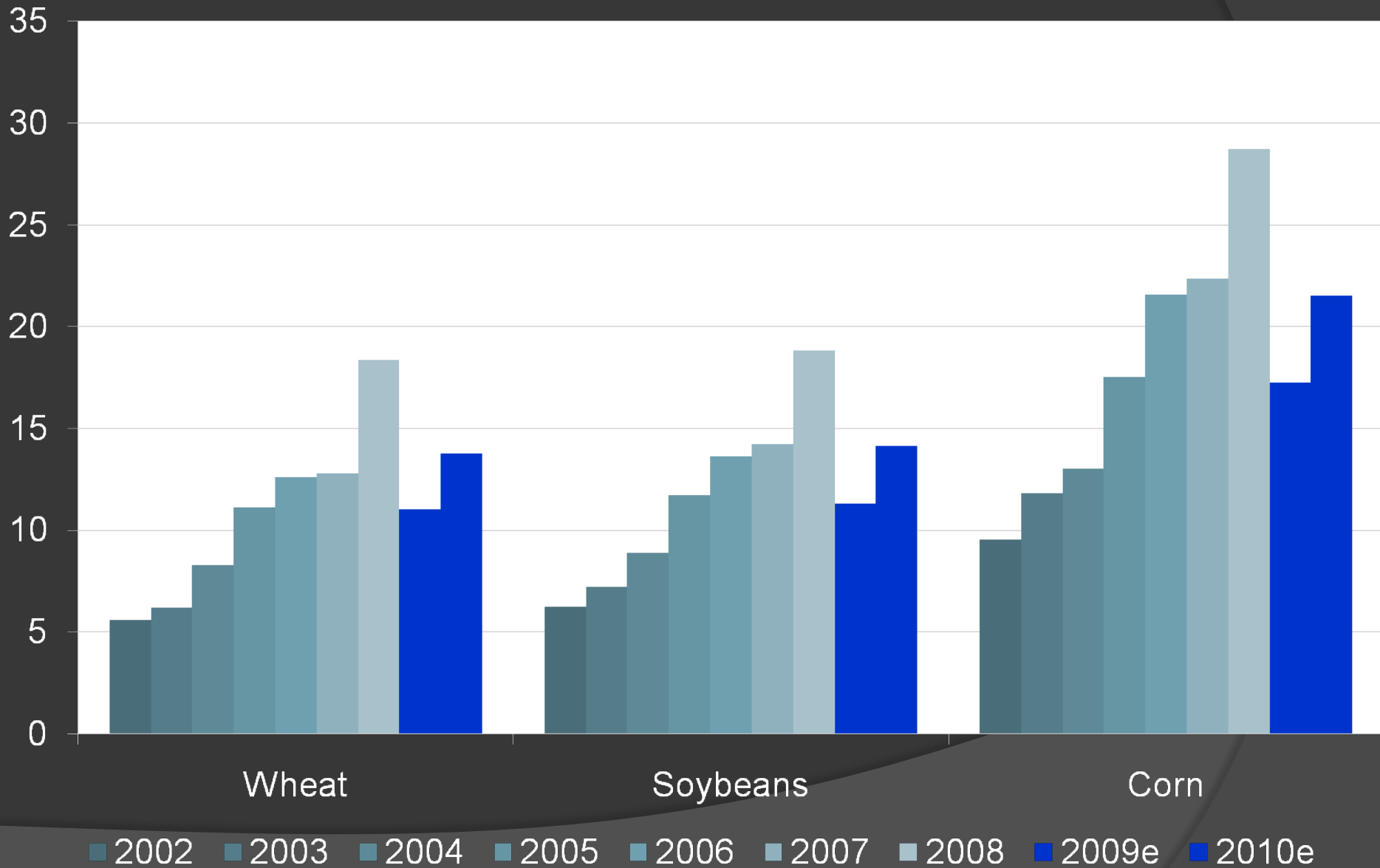
# Futures-Based Price Forecasts for Non-taxable Diesel Fuel

Monthly diesel prices, Southwest Kansas basis.

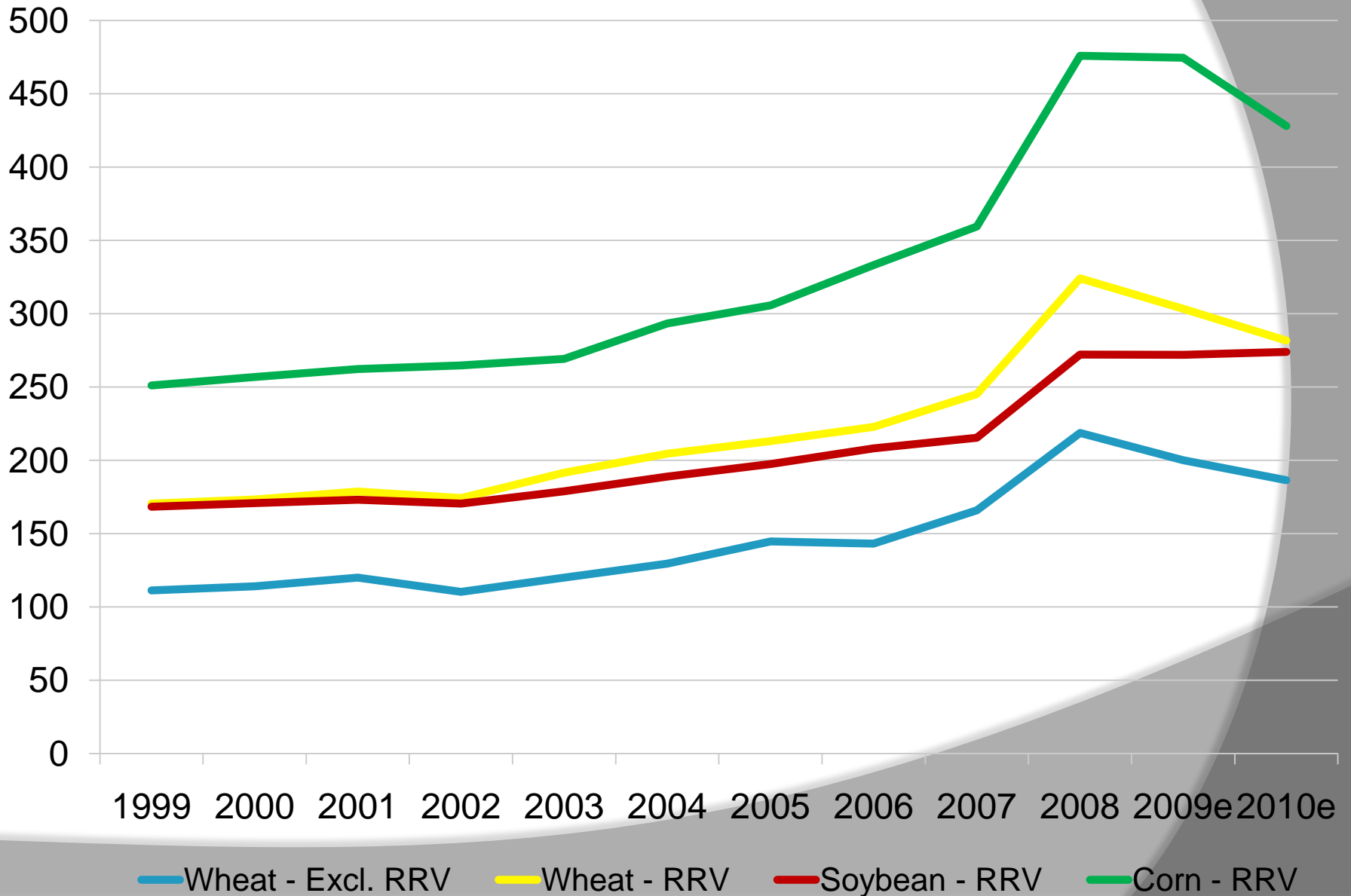


# Fuel & Oil Expenses

MN-ND RRV FBM



# Cost Per Acre on Cash Rented Land ND Farm Business Management



# 2010 Projected Breakeven Prices

## Red River Valley

	Wheat	Soybean	Corn
Costs/Acre	281.70	273.87	428.03
Direct Gov't Payment	-13.00	-13.00	-13.00
Family Living est.	32.50	32.50	32.50
Adjusted Cost/Acre	301.20	293.37	447.53
Yield	55	35	138
Breakeven Price/Bu.	5.48	8.38	3.24

# Conclusions

- ⦿ At current cost projections, the following futures prices should cover costs adjusted by direct gov't payments & family living expense.
  - Wheat \$6.00
  - Soybean \$9.00
  - Corn \$4.00
- ⦿ Consider locking in main cost items and starting incremental forward sales at \$6 wheat, \$9.50 soybeans and \$4.25 corn futures prices, or cash equivalent with normal basis.