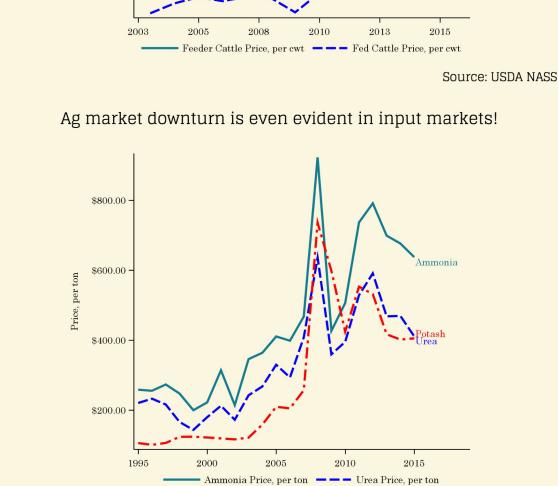


...and cattle prices are not far behind \$250.00 \$200.00 Price, per cwt



Potash Price, per ton

\$150.00

\$100.00

Where are Ag Markets Heading?

Source: GreenMarkets

rates

Geopolitics

Palmer Z-Index Price of Nitrogen

Price of Wheat

2000

1995

2005

OMB No. 1545-0074

D Employer ID number (EIN), (see instr)

24a

26

28

29

31

32a

32b 32c

32d

32f

Costs

Opportunity cost of using land

If you didn't use your land for farming, you could lease or sell it



Interest rates

**TPP** 

1.0

0.8

0.4

1980

1985

1990

Lines indicate level of uncertainty (coefficient of variation)

**Great! Now What?!?** 

If Economists Were to Become

5-Year CV

Source: Lawrence, et al., 2016

SCHEDULE F

(Form 1040)

Name of proprietor

A Principal crop or activity

Chemicals .

Car and truck expenses (see instructions). Also attach Form 4562

Conservation expenses (see instructions)

Depreciation and section 179

Employee benefit programs other than on line 23 . . . .

Custom hire (machine work)

expense (see instructions)

Fertilizers and lime

Other

Freight and trucking

Gasoline, fuel, and oil .

Insurance (other than health)

Mortgage (paid to banks, etc.)

Labor hired (less employment credits)

Net farm profit or (loss). Subtract line 33 from line 9

10

12

14

15

17

18

20

21a

Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions

**Don't Forget Uncertainty** 



Better Yet...

B Enter code from Part IV

Part II Farm Expenses - Cash and Accrual Method. Do not include personal or living expenses (see instructions).

**Profit or Loss From Farming** 

► Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B. Information about Schedule F and its separate instructions is at www.irs.gov/schedul

C Accounting method:

Pension and profit-sharing plans

Rent or lease (see instructions):

Vehicles, machinery, equipment

Cash

Other (land, animals, etc.)

Repairs and maintenance

Storage and warehousing

Supplies . . . . .

Other expenses (specify):

Veterinary, breeding, and medicine

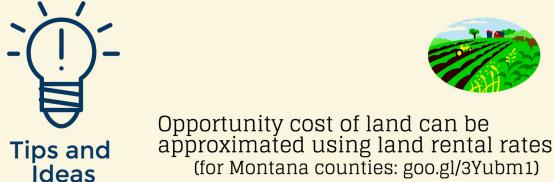
Seeds and plants .

Taxes . . .

Accrual







Labor rates can be approximated using:

Machinery use in hours per acre

(sources and links below)

Custom application rates

**Benchmarking** 

IRS (Schedule F) collects accounting costs

(i.e., forgone revenue opportunities)

Common Examples:

earning money elsewhere

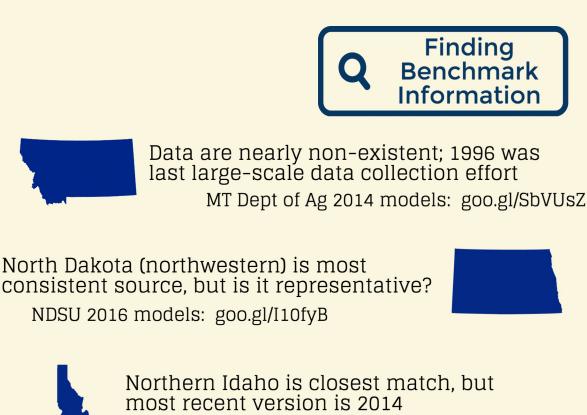
**FOR SALE** 

Your labor requirements

If you didn't farm, you could be

Necessary to also consider opportunity costs

How you might feel about ...and how you might feel after benchmarking your operation before benchmarking to others...



U. Idaho 2014 models: goo.gl/kYYNq8

to others

MSU's Dept of Ag Econ & Econ Cost of Production Project **Objectives:** Develop producer-driven benchmarking database and tools **Current status:** Collected base information; developing webbased anonymous data collection modules

Private financial and lending organizations

Co-operatives and producer organizations

Other opportunities:

Biggest need: Producer buy-in and participation Dr. Anton Bekkerman

**Methods:** Anonymously collect MT producers' information to establish aggregated detailed economic benchmarks View as infographic with clickable links https://goo.gl/44ku7E

anton.bekkerman@montana.edu 406-994-3032 http://www.antonbekkerman.com (blog with MT ag econ news)