

**Review of Returns per Acre for Arkansas Field Crops**  
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Figure 1 presents returns to land and management of Arkansas field crops for 2006-2011. Cost of production are weighted averages for irrigated and non-irrigated production derived from UAEX crop enterprise budgets. Yields and prices are state averages reported by NASS. Yields for 2011 are the most recent NASS estimate. Price for 2011 is forecasted with the November 2011 WASDE (USDA) U.S. estimate applied to the historical relationship between the U.S. price and the Arkansas price. Table 1 – Table 6 present detailed data for Figure 1.

Table 7 is a generalized representation of Arkansas field crops with yields computed as the Olympic average for 2006-2010. This presentation discounts yield volatility that is due to climactic conditions that are distinct to the 2011 production year. Table 8 expands Table 7 to incorporate estimates of land costs. The results indicate that returns to management are significantly higher than returns to land for cotton and corn. Direct payments in Table 8 are estimated with the Arkansas average base yield (ERS) and the direct payment rate.

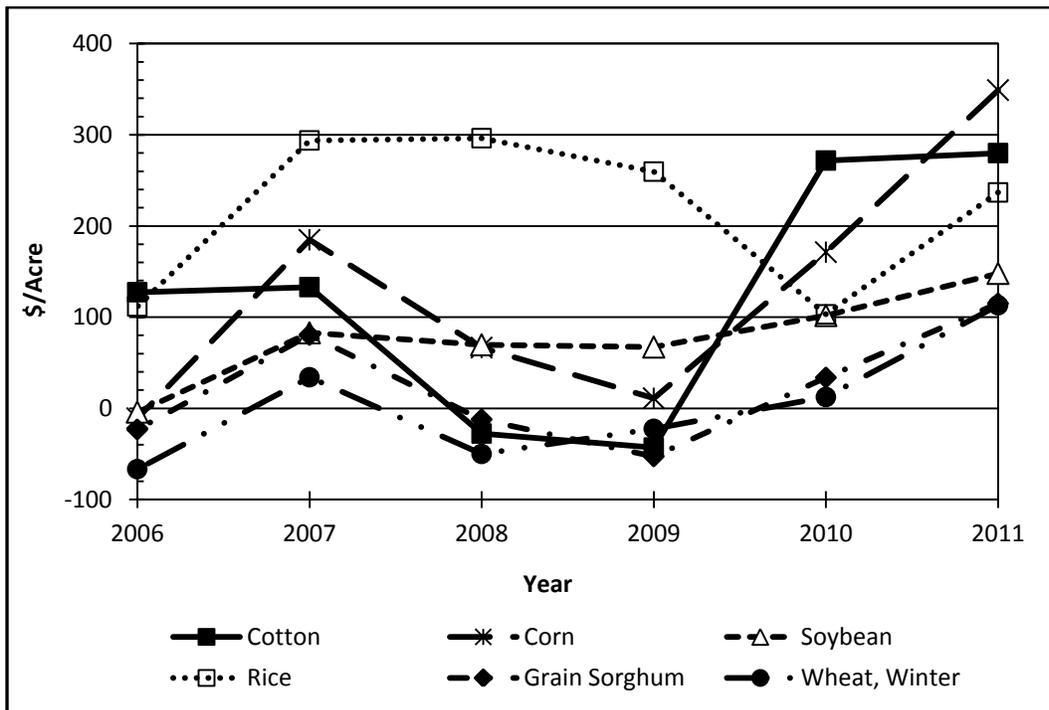


Figure 1. Net Returns per Acre, Arkansas Field Crops, 2006-2011

Table 1. Weighted Average Net Returns, per Acre, Arkansas Cotton, 2006-2011

Expense	2011	2010	2009	2008	2007	2006
Average Yield (lbs.)	996.0	1,045.0	818.0	1,012.0	1,071.0	1,045.0
Price Received	0.90	0.80	0.63	0.56	0.58	0.56
Sell Seed	122.51	128.54	100.61	124.48	131.73	128.54
Operating Costs <sup>1</sup>	487.85	440.50	438.92	481.90	383.31	359.94
<b>Returns to Operating Costs</b>	<b>408.55</b>	<b>395.50</b>	<b>76.42</b>	<b>84.82</b>	<b>235.72</b>	<b>225.26</b>
Fixed Costs	128.64	123.79	119.49	112.49	102.80	97.96
Total Costs <sup>2</sup>	616.48	564.29	558.41	594.39	486.11	457.90
<b>Net Returns to Land &amp; Management</b>	<b>279.92</b>	<b>271.71</b>	<b>-43.07</b>	<b>-27.67</b>	<b>132.92</b>	<b>127.30</b>

<sup>1</sup>Value of cottonseed sold deducted from cotton post-harvest expenses.

<sup>2</sup>Does not include land cost.

Table 2. Weighted Average Net Returns, per Acre, Arkansas Corn, 2006-2011

Expense	2011	2010	2009	2008	2007	2006
Average Yield (bu.)	140.0	150.0	148.0	155.0	169.0	146.0
Price Received	6.75	4.70	3.79	4.42	3.80	2.73
Operating Costs	523.68	464.16	482.67	555.27	399.64	354.47
<b>Returns to Operating Costs</b>	<b>421.32</b>	<b>240.84</b>	<b>78.25</b>	<b>129.83</b>	<b>242.56</b>	<b>44.11</b>
Fixed Costs	72.36	69.64	67.22	63.28	57.83	55.10
Total Costs <sup>1</sup>	596.05	533.79	549.88	618.55	457.47	409.58
<b>Net Returns to Land &amp; Management</b>	<b>348.95</b>	<b>171.21</b>	<b>11.04</b>	<b>66.55</b>	<b>184.73</b>	<b>-11.00</b>

<sup>1</sup>Does not include land cost.

Table 3. Weighted Average Net Returns, per Acre, Arkansas Soybean, 2006-2011

Expense	2011	2010	2009	2008	2007	2006
Average Yield (bu.)	37.0	35.0	37.5	38.0	36.0	35.0
Price Received	12.48	11.30	9.66	9.64	9.02	6.41
Operating Costs	258.49	240.53	243.70	248.29	197.71	186.40
<b>Returns to Operating Costs</b>	<b>203.27</b>	<b>154.97</b>	<b>118.55</b>	<b>118.03</b>	<b>127.01</b>	<b>37.95</b>
Fixed Costs	55.34	53.25	51.40	48.39	44.22	42.14
Total Costs <sup>1</sup>	313.82	293.79	295.10	296.68	241.93	228.54
<b>Net Returns to Land &amp; Management</b>	<b>147.94</b>	<b>101.71</b>	<b>67.15</b>	<b>69.64</b>	<b>82.79</b>	<b>-4.19</b>

<sup>1</sup>Does not include land cost.

Table 4. Weighted Average Net Returns, per Acre, Arkansas Rice, 2006-2011

Expense	2011	2010	2009	2008	2007	2006
Average Yield (bu.)	152.2	144.0	151.1	148.0	160.7	153.3
Price Received	6.24	5.18	6.03	6.75	5.40	4.24
Operating Costs	613.81	546.71	559.47	616.02	494.58	463.49
<b>Returns to Operating Costs</b>	<b>335.92</b>	<b>198.49</b>	<b>351.73</b>	<b>382.98</b>	<b>373.02</b>	<b>187.18</b>
Fixed Costs	99.20	95.47	92.15	86.75	79.28	75.54
Total Costs <sup>1</sup>	713.01	642.18	651.62	702.77	573.86	539.04
<b>Net Returns to Land &amp; Management</b>	<b>236.72</b>	<b>103.02</b>	<b>259.58</b>	<b>296.23</b>	<b>293.74</b>	<b>111.63</b>

<sup>1</sup>Does not include land cost.

Table 5. Weighted Average Net Returns, per Acre, Arkansas Grain Sorghum, 2006-2011

Expense	2011	2010	2009	2008	2007	2006
Average Yield (bu.)	74.0	77.0	79.0	88.0	96.0	85.0
Price Received	5.94	4.14	3.23	3.88	3.44	2.42
Operating Costs	273.91	236.31	260.59	309.14	209.48	190.06
<b>Returns to Operating Costs</b>	<b>165.95</b>	<b>82.78</b>	<b>-5.33</b>	<b>32.37</b>	<b>121.14</b>	<b>15.57</b>
Fixed Costs	51.01	49.09	47.38	44.61	40.77	38.84
Total Costs <sup>1</sup>	324.93	285.40	307.97	353.75	250.25	228.90
<b>Net Returns to Land &amp; Management</b>	<b>114.94</b>	<b>33.69</b>	<b>-52.71</b>	<b>-12.24</b>	<b>80.38</b>	<b>-23.27</b>

<sup>1</sup>Does not include land cost.

Table 6. Weighted Average Net Returns, per Acre, Arkansas Wheat, 2006-2011

Expense	2011	2010	2009	2008	2007	2006
Average Yield (bu.)	61.0	54.0	54.0	44.0	57.0	41.0
Price Received	6.86	5.20	4.86	5.88	4.72	3.52
Operating Costs	266.17	230.62	248.45	274.38	203.57	181.12
<b>Returns to Operating Costs</b>	<b>152.29</b>	<b>50.18</b>	<b>13.99</b>	<b>-15.66</b>	<b>65.47</b>	<b>-36.80</b>
Fixed Costs	39.30	37.82	36.50	34.37	31.41	29.93
Total Costs <sup>1</sup>	305.47	268.43	284.95	308.74	234.98	211.04
<b>Net Returns to Land &amp; Management</b>	<b>112.99</b>	<b>12.37</b>	<b>-22.51</b>	<b>-50.02</b>	<b>34.06</b>	<b>-66.72</b>

<sup>1</sup>Does not include land cost.

Table 7. Weighted Average Expected Net Returns, per Acre, Arkansas Field Crops, 2011

Expense	Cotton	Corn	Soybean	Rice	Sorghum	Wheat
Average Yield: Cotton (lbs.), Other (bu.)	1,034.0	151.0	36.2	150.8	84.0	50.7
Price Received	0.90	6.75	12.48	6.24	5.94	6.86
Sell Seed	122.51	0.00	0.00	0.00	0.00	0.00
Operating Costs <sup>1</sup>	487.85	523.68	258.49	613.81	273.91	266.17
<b>Returns to Operating Costs</b>	<b>442.75</b>	<b>495.57</b>	<b>192.87</b>	<b>327.28</b>	<b>225.40</b>	<b>81.40</b>
Fixed Costs	128.64	72.36	55.34	99.20	51.01	39.30
Total Costs <sup>2</sup>	616.48	596.05	313.82	713.01	324.93	305.47
<b>Net Returns to Land &amp; Management</b>	<b>314.12</b>	<b>423.20</b>	<b>137.54</b>	<b>228.07</b>	<b>174.38</b>	<b>42.10</b>

<sup>1</sup>Value of cottonseed sold deducted from cotton post-harvest expenses.

<sup>2</sup>Does not include land cost.

Table 8. Weighted Average Expected Net Returns, per Acre, Major Arkansas Field Crops, 2011

Expense	Cotton	Corn	Soybean	Rice
Average Yield: Cotton (lbs.), Other (bu.)	1,034.0	151.0	36.2	150.8
Price Received	0.90	6.75	12.48	6.24
Sell Seed	122.51	0.00	0.00	0.00
Operating Costs <sup>1</sup>	487.85	523.68	258.49	613.81
<b>Returns to Operating Costs</b>	<b>442.75</b>	<b>495.57</b>	<b>192.87</b>	<b>327.28</b>
Fixed Costs	128.64	72.36	55.34	99.20
Total Costs <sup>2</sup>	616.48	596.05	313.82	713.01
<b>Net Returns to Land &amp; Management</b>	<b>314.12</b>	<b>423.20</b>	<b>137.54</b>	<b>228.07</b>
Average Land Rent Costs	94.92	102.24	55.39	95.79
<b>Net Returns to Owned Land &amp; Management</b>	<b>219.19</b>	<b>320.97</b>	<b>82.15</b>	<b>132.28</b>
Opportunity Cost of Owned Land <sup>3</sup>	18.15	18.15	18.15	18.15
Total Returns to Land <sup>4</sup>	113.07	120.39	73.54	113.94
<b>Net Returns to Management</b>	<b>201.04</b>	<b>302.82</b>	<b>64.00</b>	<b>114.13</b>
<b>Average Direct Payment</b>	<b>34.00</b>	<b>16.00</b>	<b>8.00</b>	<b>90.00</b>

<sup>1</sup>Value of cottonseed sold deducted from cotton post-harvest expenses.

<sup>2</sup>Does not include land cost.

<sup>3</sup>Opportunity cost of land estimated as non-irrigated cash rental rate of \$55 per acre.

<sup>4</sup>Total land costs estimated as 33% share rent, 33% cash rent, and 33% owned land.