

● SEEDCOST

KNOW YOUR SEED COSTS

Reviewing the costs and benefits of various seed options should be an annual exercise

By Philip Shaw

Choices. When it comes time to select corn hybrids and soybean varieties, we have plenty of choice. I find it essential to crunch the numbers every year so I understand the relative costs and benefits of different genetic traits and seed treatments. I can't afford to buy seed on blind faith.

Table 1 represents some costs associated with various corn seed programs, traits, seed treatment and herbicide choices.

As the traits increase the price of seed corn increases. The stacked gene seed corn is where more than one genetically modified trait is within the hybrid. For example, the hybrid that costs \$210/80,000-kernel unit has 2 traits that provide protection from both corn borer and corn rootworm.

Table 2 shows the revenue ranking of 5 different corn seed options.

Table 1. Seed corn costs/unit and planting information

Conventional seed corn	\$150
Bt-seed corn	\$180
RR-seed corn	\$185
Stacked RR/Bt	\$200
Stacked Bt/rootworm	\$210
Poncho 250	\$20/unit
Poncho 1250	\$65/unit
Price of corn/bu.	\$2.90
Seed drop	32,000/ac.
Kernels/unit	80,000/unit
Ultim Total	\$34/ac.
Glyphosate price/ac.	\$8/ac.

Table 2. Comparison of different corn seed programs

	RR-seed corn	Stacked RR/Bt	Conventional seed corn	Bt-seed corn	Stacked Bt/rootworm
Yield/ac.	160	160	160	160	160
Revenue/ac.	\$464	\$464	\$464	\$464	\$464
Seed costs/ac.	\$74	\$80	\$60	\$72	\$84
Herbicide costs/ac.	\$8	\$8	\$34	\$34	\$34
Revenue contribution	\$382	\$376	\$370	\$358	\$346
Rank	1	2	3	4	5

Table 3. Poncho costs and corn yield thresholds

	Poncho 250	Poncho 1250
Cost/unit	\$20	\$65
Cost/acre	\$8	\$26
Yield threshold	2.76 bu.	8.97 bu.

Table 4. Soybean seed costs and seed size

	Cost/50 lb. or 22.68 kg unit	Seed size — seeds/kg
Bin run (white hilum)	\$7.04	4,700
Bin run (dark hilum)	\$6.92	4,700
Certified seed (white hilum)	\$22	4,700
Certified seed (dark hilum)	\$26	4,700
Roundup Ready	\$39	5,500

I've calculated the total return for each option and deducted seed and herbicide costs. The remaining revenue is available to cover the remaining variable and fixed costs. Although yields may be different for the different options listed, for comparison purposes, I've assumed all yields to be the same. Take your experience and yield data into account. The seed costs per unit represent 2006 prices as at May 1, 2006, which eliminates any early pay discounts. The \$8/ac. glyphosate cost represents one post-emerge application to Roundup Ready corn at the 4- to 6-leaf stage. The \$34/ac. herbicide cost for 3 of the hybrids represents my cost of one application of Ultim Total based on my 2005 actual cost. The hybrids are ranked from greatest revenue contribution to least.

Roundup Ready and the stacked

Roundup Ready and Bt hybrids earn the first and second ranking, but it is important to note that I've only accounted for one application of glyphosate. If a second application of glyphosate or if other herbicides are required, it would narrow the advantage of Roundup Ready hybrids, bringing the revenue contribution very close to that of conventional hybrids.

Two years ago, corn growers gained access to Poncho, an insecticide seed treatment. Table 3 represents the costs associated with Poncho and the bushels required to cover those costs. Poncho 1250 controls corn rootworm.

Based on a \$2.90/bu. corn price, it would take 2.76 bushels of corn to make up the cost of Poncho 250 and 8.97 bushels to make up the cost of Poncho 1250.

If corn rootworm is a concern for you, there is a decision to be made between Poncho 1250 and the stacked hybrids that control both corn borer and corn rootworm. A grower would have to decide whether Poncho or a genetic trait would provide the best rootworm control.

My corn buyer has told me they can buy any corn grown from any of these hybrids. That

Table 5. Comparison of different soybean seed programs

	Bin run (white hilum) premiums	Certified seed (white hilum) premiums	Bin run (dark hilum) premiums	Bin run (crusher)	Certified seed (dark hilum) premiums	Certified seed (crusher)	Roundup Ready
Yield — bu./ac.	50	50	50	50	50	50	48.5
Premiums — \$/bu.	\$0.40	\$1	\$0.25	0	\$0.25	0	0
Revenue	\$360	\$390	\$352.5	\$340	\$352.5	\$340	\$329.8
Seed costs/ac.	\$14.20	\$44.37	\$13.95	\$13.95	\$52.44	\$52.44	\$67.22
Herbicide costs/ac.	\$34.2	\$34.2	\$34.2	\$34.2	\$34.2	\$34.2	\$10.25
Revenue contribution	\$311.60	\$311.43	\$304.35	\$291.85	\$265.86	\$253.36	\$252.33
Rank	1	2	3	4	5	6	7

has not always been true as some hybrids can be restricted in some markets. It is imperative to find out if there are any restrictions on these hybrids in your traditional corn markets.

Soybean seed choices may be more complex depending on your management. There is the non-GMO/GMO debate plus the premium element. Add relatively new seed treatments like Cruiser Maxx Beans and Apron Maxx RTA into the mix and management choices can be daunting.

Table 4 represents the cost per unit of various soybean seed options and the relative seed sizes.

Table 5 represents the revenue contribution based on the costs from Table 4. The cost of seed is based on a seed drop of 215,000 with the objective for a final plant stand of 200,000. I've assumed a cash price for soybeans of \$6.80, \$1.25/bu. for custom cleaning of bin-run seed, a special quality white hilum (SQWH) premium of 40¢/bu. and a special quality dark hilum premium of 25¢/bu. The premiums I use in the comparison are based on what the market was offering for non-GMO soybeans in my area for 2006.

Herbicide cost for Roundup Ready soybeans was based on one post-emerge application of 1.25 L/ac. For conventional varieties, the herbicide program is Meridian Plus at a cost of \$34.20 per acre. The yield used for the Roundup Ready variety reflects the yield drag evident in provincial trials.

Cruiser Maxx Beans

(fungicide and insecticide) and Apron Maxx RTA (fungicide) are 2 seed treatments relatively new to the market. The costs of these treatments are listed in Table 6 with the threshold bushels needed to pay for the cost. It is based on a \$10.50 per unit cost for Cruiser Maxx Beans and \$3 per unit cost for Apron Maxx RTA. Apron Maxx RTA can be applied at the drill or planter. Cruiser is not available for farmers to apply on their own seed — if you want it you order it applied by your seed supplier. If either of these seed treatments is used the revenue contribution from Table 5 will change.

Clearly there are choices to be

Table 6. Seed treatment costs and yield thresholds

	Cruiser Maxx	Apron Maxx
Cost per unit	\$10.50	\$3
Cost per acre	\$21.18	\$6.05
Yield threshold (bu.)	3.11	0.9

made long before you head to the field with your corn and soybean planters. Premiums can change, market conditions can change and pests you never thought of might rear their ugly heads. While you can't know what kind of weather or which pests you'll face in the coming year, calculating the relative cost of each trait or product allows you to weigh the added expense against the potential for value on your farm. CG



Jumbo Harrow Model 7100 & 8100

The Rite Way Jumbo Harrow is designed to handle conventional tilling, minimum-till and zero-till operations. It uses 9/16" x 26" tines to break and distribute straw evenly and to incorporate granular application effectively.

The tine angle is adjustable hydraulically from the tractor cab so the operator may adjust the aggressiveness of harrowing to match the needs of the field. Each harrow section is connected to the bar by parallel linkage arms that allow each section to float independently while maintaining a constant pressure to the ground.



Land Rollers, Models 4231HL, 4241HL & 4245HL

Rite Way's Land Rollers apply both weight and surface contact to prepare your land.

The large 42" diameter pipe makes fewer revolutions, thereby allowing it to more efficiently press rocks into the ground without rolling the crop out ahead of it and it needs less horsepower per foot to accomplish the task.

Rite Way's rollers float independently while maintaining constant ground pressure — so it works effectively even as the terrain beneath it constantly changes.



Rock Pickers, RR 250 & RR 900

These rugged, durable rock pickers were the first in the industry to be both a hydraulically-driven rotary rock picker and a fork type picker in one machine.

The RR 250 can pick rocks from 2 1/2" to 24" in diameter by using a unique two-bat reel with shock protected rake cylinders. The RR 900 handles rocks up to 32" in diameter, using a three-bat-reel with shock protected rake cylinders.

Hydraulic drive allows the reel to jam without causing damage to the machine. The jam clears by simply reversing the reel. Hard-surfaced teeth.

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