

*News Article*

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## Economic tools to help with farm management decisions in 2018

What is the right custom rate for field operations? What's a typical crop budget look like? Purdue Extension has resources that can help farmers who are looking for answers to these and other important farm management questions at the Purdue Center for Commercial Agriculture website, <https://ag.purdue.edu/commercialag/>.

I get the question from farmers on custom rates several times each year. Farmers generally ask what the "going rate" is to perform custom field operations. Typically, I find that the farmer simply wants to charge a fair rate, and they need a place to start, or at least some data to get them in the ballpark for good-faith negotiations.

In 2017, Dr. Michael Langemeier, Associate Director of the Purdue Center for Commercial Agriculture, conducted research, with the assistance of Extension Educators in the state, to determine updates to the prior custom rates publication, EC-130-W, published in 2013. The results of Dr. Langemeier's research can be found at:

<https://ag.purdue.edu/commercialag/Pages/Resources/Management-Strategy/Crop-Economics/2017-Indiana-Farm-Custom-Rates.aspx>. If you are at the Purdue Center for Commercial Agriculture main website, it can also be navigated to under the "Resources" tab.

"Unless otherwise stated, the rates reported include payments made for fuel, operator labor, and machinery ownership costs," said Langemeier.

Langemeier said farm custom rates may differ significantly from one area in the state to another based on availability of custom operators and demand for their services. Therefore, the statewide averages reported might be quite different from the going rate in any given area. "Custom rates in a given area may vary significantly according to timeliness, operator skill, field size and shape, crop conditions, the performance characteristics of the machine being used, the relationship between the custom operator and the person needing custom work done, competitive pressures, and economic circumstances of the custom operator," he said. "The variation of reported rates was large for many of the operations and thus should only be used as a starting point for establishing a rate in any given situation."

Another question I get from time to time revolves around what a "typical" budget for a particular crop might look like. As you might imagine, "typical" is a dangerous word. Again, much variability from farmer to farmer and from among various management systems exists.

But, again we think about "getting in the ballpark."

Purdue Extension has a resource at the Center for Commercial Ag entitled, "2018 Crop Cost and Return Guide." The guide is cooperatively authored by Purdue specialists in multiple departments. If significant pricing structures change, the guide may be updated prior to planting season. The current version was based on November 2017 projections.

The guide offers farmers crop budgets for three levels of soil productivity: low, average and high productivity soil. Additionally, the guide offers average budgets for continuous corn, rotation corn, rotation beans, wheat, and double-crop beans.

Find the guide at: <https://ag.purdue.edu/commercialag/Pages/Resources/Management-Strategy/Crop-Economics/2018-Purdue-Crop-Cost--Return-Guide.aspx>. Again, from the center's main website, it can also be navigated to under the "Resources" tab.

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