

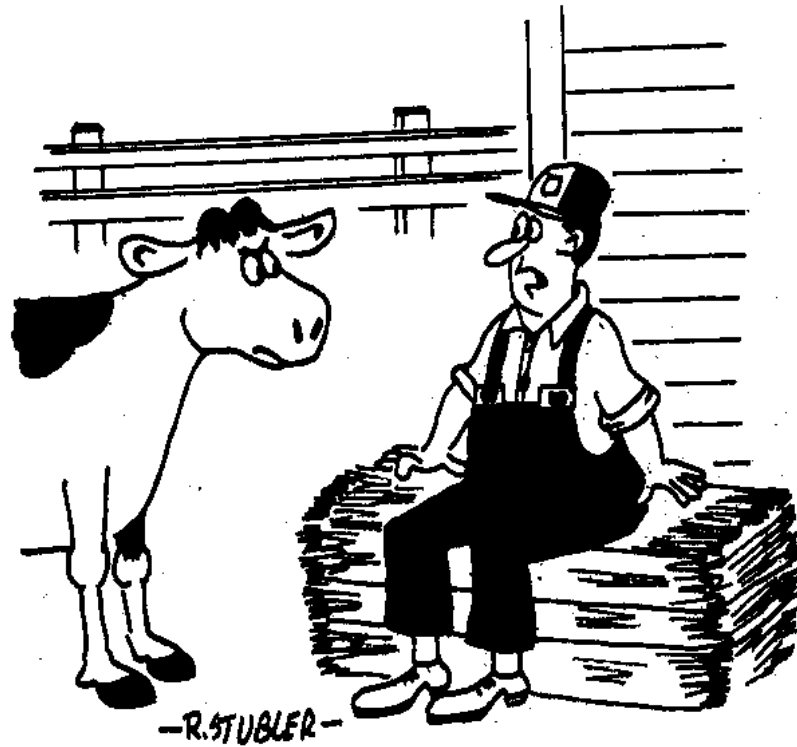
Economics of Bermuda Grass Production

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“What do you mean, ‘How would I like it if you were sitting on my dinner?’”

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Bermuda Grass

- Outstanding summer forage with potential for high yields of quality hay...
- **BUT** – Demands higher level of management than traditional forages.

Establishment Methods

- Seeding
- Top Cuttings
- Sprigging
- Cost range - \$50 to \$200 per acre

Establishment Costs Per Acre

Sprigging	80.00
Fertilizer	35.20
Lime	32.00
Machinery	3.81
Interest	<u>7.55</u>
Total Cash Cost	\$158.56
Fixed Costs	7.18
Labor	<u>6.45</u>
Total Establishment Expense	\$172.19

Compare Establishment Costs to Other Forages

- Bermuda \$172
- Alfalfa 272
- Cool Season Grass/Clover 150
- Cool season Grass 135
- Summer Annuals 209
- Winter Annuals 151

Annual Cash Expenses

Per Acre

Fertilizer	\$108.80
Lime	10.72
Chemicals	21.90
Twine	6.62
Machinery	24.31
Interest	<u>8.62</u>
Total Cash Cost	180.96

Annual Fixed Expenses

Per Acre

Establishment	\$28.02
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Machinery	<u>52.88</u>
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Total Fixed Expenses	\$80.91
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Labor (5.42 hours)	43.32
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Total Expenses	\$305.19
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Cost Varies By Type

(Total Annual Cost)

Crop	Cost Per Acre	Avg. Yield
Alfalfa	\$304	3.5
Cool Season Grass	220	2.5
Cool Season Grass/Clover	193	2.5
Summer Annuals	209	3.0
Winter Annuals	151	2.0
Bermuda	305	4.0

Cost Varies By Type

(Total Annual Cost Per Ton)

Crop	Cost Per Acre	Cost Per Ton
Alfalfa	\$304	\$87
Cool Season Grass	220	86
Cool Season Grass/Clover	193	77
Summer Annuals	209	70
Winter Annuals	151	76
Bermuda	305	76

Return Per Acre

Total Costs

Price Per Ton

		80.00	85.00	90.00	95.00	100.00	105.00	110.00	115.00	120.00
YIELD		-----	-----	-----	-----	-----	-----	-----	-----	-----
3		-65	-50	-35	-20	-5	10	25	40	55
3.25		-45	-29	-13	4	20	36	53	69	85
3.5		-25	-8	10	28	45	63	80	98	115
3.75		-5	14	33	51	70	89	108	126	145
4		15	35	55	75	95	115	135	155	175
4.25		35	56	78	99	120	141	163	184	205
4.5		55	78	100	123	145	168	190	213	235
4.75		75	99	123	146	170	194	218	241	265
5		95	120	145	170	195	220	245	270	295

Break-even Price

Total Costs

Yield

		3	3.25	3.5	3.75	4	4.25	4.5	4.75	5
COSTS		-----	-----	-----	-----	-----	-----	-----	-----	-----
265		88.33	81.54	75.71	70.67	66.25	62.35	58.89	55.79	53.00
275		91.67	84.62	78.57	73.33	68.75	64.71	61.11	57.89	55.00
285		95.00	87.69	81.43	76.00	71.25	67.06	63.33	60.00	57.00
295		98.33	90.77	84.29	78.67	73.75	69.41	65.56	62.11	59.00
305		101.67	93.85	87.14	81.33	76.25	71.76	67.78	64.21	61.00
315		105.00	96.92	90.00	84.00	78.75	74.12	70.00	66.32	63.00
325		108.33	100.00	92.86	86.67	81.25	76.47	72.22	68.42	65.00
335		111.67	103.08	95.71	89.33	83.75	78.82	74.44	70.53	67.00
345		115.00	106.15	98.57	92.00	86.25	81.18	76.67	72.63	69.00

Break-even Yield

Total Costs

Price Per Ton

		80.00	85.00	90.00	95.00	100.00	105.00	110.00	115.00	120.00
COSTS		-----	-----	-----	-----	-----	-----	-----	-----	-----
265		3.31	3.12	2.94	2.79	2.65	2.52	2.41	2.30	2.21
275		3.44	3.24	3.06	2.89	2.75	2.62	2.50	2.39	2.29
285		3.56	3.35	3.17	3.00	2.85	2.71	2.59	2.48	2.38
295		3.69	3.47	3.28	3.11	2.95	2.81	2.68	2.57	2.46
305		3.81	3.59	3.39	3.21	3.05	2.90	2.77	2.65	2.54
315		3.94	3.71	3.50	3.32	3.15	3.00	2.86	2.74	2.63
325		4.06	3.82	3.61	3.42	3.25	3.10	2.95	2.83	2.71
335		4.19	3.94	3.72	3.53	3.35	3.19	3.05	2.91	2.79
345		4.31	4.06	3.83	3.63	3.45	3.29	3.14	3.00	2.88

Cash Hay

- Limited price data in Tennessee.
- Develop reputation for providing desired quality.
 - Repeat business is important
- Target specific markets for higher average price.

Grazing

- Offers potential for summer grazing when cool season forages decline.
- Use intensive grazing to better utilize summer growth.
- Establishment costs same as for hay.
- Annual cost for intensive grazing - \$166 per acre.
- Stocking rates depends on type of animal.

Summary

- Higher costs per acre
 - Establishment
 - Annual
- Higher costs per ton with lower yields.
- Requires higher level of management that cool season crops.

Summary

- Potential for higher quality hay.
- Potential for higher yields.
- Spread harvest over longer time period.
- Higher yields require fewer acres for hay production freeing acres for other uses.
- With good management and higher yields, costs per ton are comparable to other forages.

Intensive Planning

- Use intensive planning to predict effects on overall farm profitability.
- Allows consideration of different scenarios that could include differences in costs, yields, and livestock production.





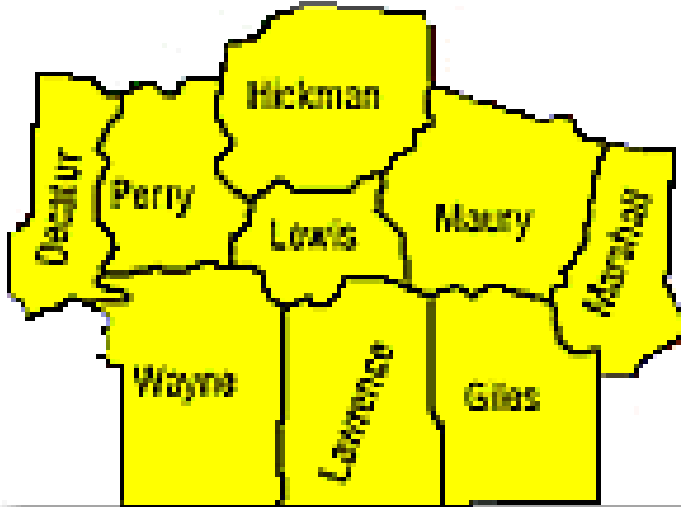
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Intensive Planning

Examples

And More

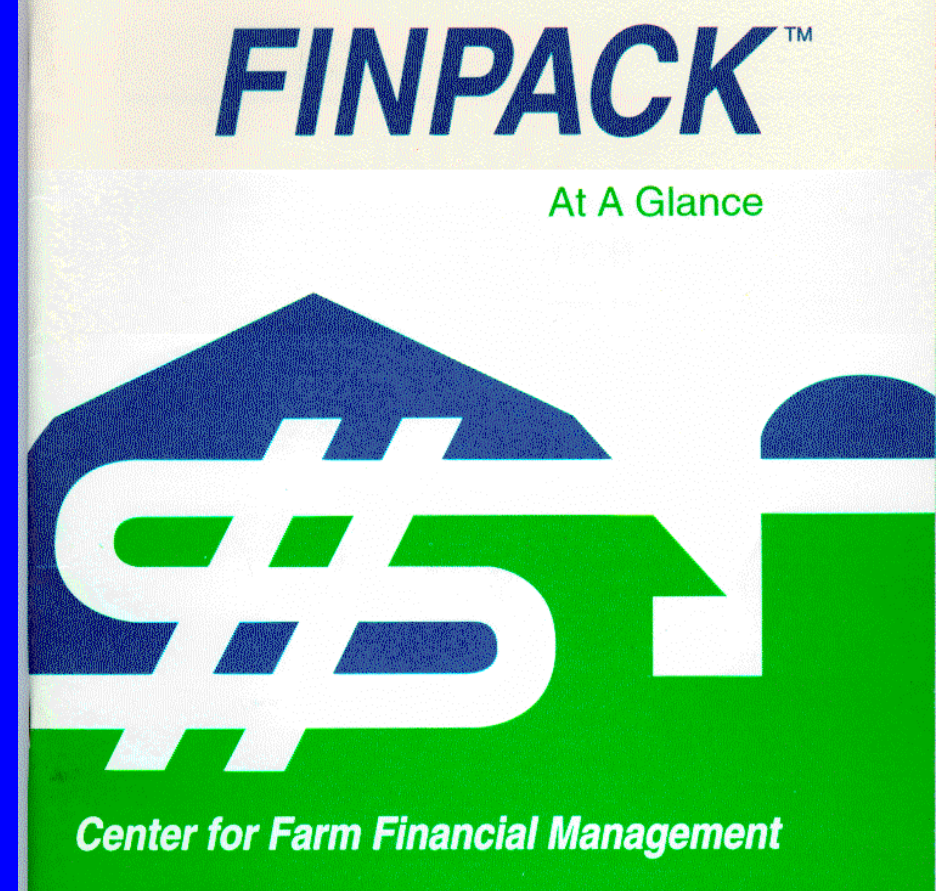


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Where am I?

Where do I want to be?

How do I get there?



All information is confidential.

No cost to participating farm families.

What is FINPACK?

- Comprehensive financial planning and analysis system designed to help producers understand their financial condition and make informed decisions.
- Provides tools to effectively use farm records to make business analysis, long range planning, and cash flow planning as complete, easy, and meaningful as possible.

FINPACK Addresses Major Financial Objectives

- Profitability – ability to generate income
- Liquidity – provide cash when needed
- Solvency – financial growth and security



**THE EARLY BIRD
MAY GET THE
WORM, BUT THE
SECOND MOUSE
GETS THE
CHEESE.**