

Farmer Investment and Operating Costs for Peanut Equipment on Display

NB Smith and AR Smith, UGA Extension Economists

Equipment	Investment Cost ^a	Harvest Cost Per Acre ^b (Fuel, Labor, Repairs)	Fixed Cost Per Acre ^c
Tractor (200 hp, 4 Wheel Drive)	\$ 150,000	Included in implement calculations below	Included in implement calculations below
Six Row Digger/Inverter	\$ 32,000	\$ 10.50	\$ 12.75
Four Row Combine	\$ 108,000	\$ 35.50	\$ 63.40
Peanut Dump Cart	\$ 35,000	\$ 11.00	\$ 15.30
Total Costs	\$ 325,000	\$ 57.00/ac	\$ 91.45/ac

^a List Prices for standard equipment, September 2009.

^b Assumes diesel fuel price at \$2.25 per gallon and farm labor at \$11.00 per hour.

^c Fixed Cost based on 300 acres of peanuts.

How Many **Peanuts** Does it Take to Make the Annual Payments on the Term Note for this Equipment?

- 5-Year Note with Annual Payments
- 7.5% Interest Rate
- 15% Down Payment paid via Trade-In and Cash Down
- Peanuts account for 30% of Tractor's Use
- Principal Balance is \$187,000
- Annual Payment is \$46,220
- \$400/ton Price Paid to Farmer

Acres Planted	Annual Payment Per Acre	Pounds Needed to Make Annual Payment
300 ac	\$ 154.10	770 lbs/ac
400 ac	\$ 115.55	578 lbs/ac
500 ac	\$ 92.44	462 lbs/ac

All calculations based on 2009 UGA Enterprise Budgets, online at <http://agecon.uga.edu>, or your County Extension Office.



Farmer Breakeven Prices and Yields for Peanut Equipment on Display

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What is the **Breakeven Price** that a Farmer Needs
to be Able to Pay for Peanut Equipment?

- Budgeted operating costs (excluding land rent)
Irrigated peanuts = \$625/ac, Non-irrigated Peanuts = \$525/ac
- 3,700 lbs/ac Irrigated Yield, 2,700 lbs/ac Non-Irrigated Yield

Acres Planted	Total Costs Per Acre		Price per Ton Needed to Pay for Equipment	
	Irrigated	Non-Irrigated	Irrigated	Non-Irrigated
300 ac	\$ 984.10	\$ 765.10	\$ 532/ton	\$567/ton
400 ac	\$ 894.30	\$ 705.05	\$ 483/ton	\$522/ton
500 ac	\$ 840.45	\$ 669.05	\$ 454/ton	\$496/ton

What is the **Breakeven Yield** that a Farmer Needs
to be Able to Pay for Peanut Equipment?

- Based on \$400/ton price offered to Farmers for 2009 production

Acres Planted	Total Costs Per Acre		Pounds per Acre Needed to Pay for Equipment	
	Irrigated	Non-Irrigated	Irrigated	Non-Irrigated
300 ac	\$ 984.10	\$ 765.10	4,920 lbs/ac	3,825 lbs/ac
400 ac	\$ 894.30	\$ 705.05	4,472 lbs/ac	3,525 lbs/ac
500 ac	\$ 840.45	\$ 669.05	4,202 lbs/ac	3,345 lbs/ac

How Many **Acres of Peanuts** Does a Farmer Need to Grow
to be Able to Pay for This Equipment?

- Assuming a 3,700 lb/ac yield and a price of \$400/ton, a farmer would need to grow **935 acres** of peanuts
- If they combine 20 ac/day, it will take **47 days to combine** 935 acres

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