

### Know your per field cost of production

This is Ag Outlook, I'm Chuck Otte, Geary County Extension Agent. For crop producers one of the most important things that they need to know is the cost of producing their various crops. Not only do they need to know their overall cost of production, they need to break it down on a field to field basis. For one thing this tells them what their target price needs to be for marketing purposes. Secondly, it can tell them their most profitable crop combinations. But on leased ground it also tells them if the lease is worth keeping or not OR how much they can afford to pay for a cash lease or share arrangements on a shares lease. All too often unprofitable leases continue on for fear of losing the land. So the producer is willing to lose money for a year or two so they have the land when times turn good again. But can they survive until good times. It takes time, but you need to start doing some figuring! I'm Chuck Otte and this has been Ag Outlook.

## Is Cash Lease Better than Crop Shares?

This is Ag Outlook, I'm Chuck Otte, Geary County Extension Agent. I am regularly asked if cash leases are better than crop share leases, or vice versa. The truth is that either lease works fine if it is set up equitably. Cash leases give more security to the landlord as they know before hand what their income will be and they don't have to worry about all those bills on shared expenses. Crop share leases can work well especially when prices and yields are good. Crop share leases can also be preferred with younger tenants who may not have the needed cash flow to make cash lease payments. In times of low income, landlords tend to lean towards cash leases. In prosperous times, crop share leases look more attractive - but that chance for more income does come with more risk. In the last 40 years, statewide, cash leases have increased from less than 10% to nearly 50%. Just make sure that the lease is equitable. I'm Chuck Otte and this has been Ag Outlook.

## Equitable Crop Share Leases

This is Ag Outlook, I'm Chuck Otte, Geary County Extension Agent. We don't talk about "fair" leases, we talk about equitable leases. Fair is a judgement call, equitable is something that can be calculated. For a crop shares lease to be equitable the crop needs to be divided on the same ratio as the inputs are shared. Unfortunately all too often the landlord declares what expenses they will share and what portion of the crop that they expect. Tradition can be a killer. In reality the lease negotiation should start with figuring out what each party brings to the lease, costs that aren't shared and figure out what the ratio of these are. Then shared expenses and the crop are split at this same ratio. Many 60/40 leases, when actually looked at in this way turn out to be 2/3 - 1/3 and sometimes even 3/4 - 1/4. Sometimes leases are adjusted after we figure these things, and sometimes new tenants take over. I'm Chuck Otte and this has been Ag Outlook.

## Where Are Land Values Headed?

This is Ag Outlook, I'm Chuck Otte, Geary County Extension Agent. Land values are a mystery to many of us. No two pieces of land are equal and neither are the selling prices. So we look at averages over areas no bigger than necessary. From their peak level several years ago through 2018, Kansas land values for non-irrigated land fell about 20% off their peak. Irrigated was off 13% and pasture was off 15%. These figures are within the ranges that most economists thought that prices needed to fall to start to get back into line with long term land value growth trends. So where are we headed? No one knows for sure and the 2019 numbers won't be available until probably early March but economists that I've talked to expect a few more points down for 2019. Until the farm economy starts to pick up, read commodity prices, I don't think we'll see big changes, but the crystal ball is still real foggy! I'm Chuck Otte and this has been Ag Outlook.

## Soybeans and the World Market

This is Ag Outlook, I'm Chuck Otte, Geary County Extension Agent. I'm sure that many of you listening to these programs are not directly involved in agriculture and may wonder why there has been so much talk about soybean export markets and trade wars. Most crops are grown heavily world wide and nobody has the lion's share. But soybeans are different. The US, Brazil and Argentina produce 80% of the worlds soybeans - the US produces 35% of the world's soybeans. But we can only use 50% of that production. So we need to export. China is the big importer of soybeans. They can not obtain all the soybeans that they need from the world market without US beans in the mix. China has a growing pork demand but their pork supplies are being hammered by African Swine Fever. If you think that this all sounds complicated, you are right. We exist in a very global marketplace today! I'm Chuck Otte and this has been Ag Outlook.