

Economics of Oilseed Production

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EB1960E, Cost of Producing Canola and Mustard
Oilseeds in Eastern Washington and North Central
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Online at: <http://farm-mgmt.wsu.edu/nonirr.htm>



Figure 1. Location of Cooperator Farm Sites

Budgets were developed for each one of the fifteen producers.

The budgets include all opportunity costs:

- **Interest on equity (8.5%).**
- **Labor cost for operator labor (\$14/hour).**
- **Land rental rates (1/3 crop value – 1/3 fertilizer & chemical costs – 1/3 crop insurance – land taxes).**

Did not include an opportunity cost for management.

The machinery complement was similar to that used by producers.

$$\mathbf{(Price \times Yield) - Expenses = Revenues}$$

INPUT PRICES

<u>Input</u>	<u>Sept. 2003</u>	<u>Sept. 2004</u>	<u>Sept. 2005</u>	<u>Dec. 2005</u>
Aqua-Nitrogen	35¢/lb.	40¢/lb.	49¢/lb.	49¢/lb.
Aqua-Sulfur	35¢/lb.	35¢/lb.	38¢/lb.	38¢/lb.
Dry-Nitrogen	34.5¢/lb.	34¢/lb.	50¢/lb.	50¢/lb.
Dry-Phosphorous	29¢/lb.	32¢/lb.	35¢/lb.	35¢/lb.
Dry-Sulfur	26¢/lb.	29¢/lb.	32¢/lb.	32¢/lb.
Off-Road Diesel	\$1.19/gal.	\$1.50/gal.	\$2.50/gal.	\$2.23/gal.



Oilseed Production: Less Than 15" Rainfall Zone

Production System	Production Level	2003 B-E Price	2005 B-E Price
	(lbs.)	(¢/lb.)	(¢/lb.)
NT/DS Canola	1,000	17.0	18.3
NT/DS Canola	1,100	15.5	16.7
NT/DS Mustard	488	31.5	34.1
NT/DS Mustard	650	23.1	25.1
Min-Till Mustard	700	21.8	23.7

Oilseed Production: 15" to 20" Rainfall Zone

Production System	Production Level	2003 B-E Price	2005 B-E Price
	(lbs.)	(¢/lb.)	(¢/lb.)
NT/DS Canola	1,100	15.6	17.3
NT/DS Canola	1,991	9.0	10.0
Min-Till Canola	1,650	11.6	12.8
NT/DS Mustard	1,100	15.0	16.8
NT/DS Mustard	1,300	12.4	13.8
Min-Till Mustard	1,000	17.1	19.1



Oilseed Production: Greater Than 20" Rainfall Zone

Production System	Production Level	2003 B-E Price	2005 B-E Price
	(lbs.)	(¢/lb.)	(¢/lb.)
NT/DS Canola	1,200	15.5	17.2
NT/DS Canola	1,500	12.5	13.8
Min-Till Mustard	1,000	16.9	19.0
Min-Till Mustard	1,650	10.4	11.6



Estimated Break-Even Prices for Canola Seed Within the Different Rainfall Zones

< 15" Rainfall Zone		15" to 20" Rainfall Zone		> 20" Rainfall Zone	
Production Level	2005 B-E Price	Production Level	2005 B-E Price	Production Level	2005 B-E Price
(lbs.)	(¢/lb.)	(lbs.)	(¢/lb.)	(lbs.)	(¢/lb.)
800	22.9	1000	18.9	1000	20.6
900	20.4	1200	15.9	1200	17.2
1000	18.3	1400	13.6	1400	14.7
1100	16.7	1600	12.0	1600	13.0
1200	15.4	1800	10.6	1800	11.5
1300	14.2	2000	9.6	2000	10.4



Estimated Break-Even Prices for Mustard Seed Within the Different Rainfall Zones

< 15" Rainfall Zone		15" to 20" Rainfall Zone		> 20" Rainfall Zone	
Production Level	2005 B-E Price	Production Level	2005 B-E Price	Production Level	2005 B-E Price
(lbs.)	(¢/lb.)	(lbs.)	(¢/lb.)	(lbs.)	(¢/lb.)
400	41.6	1000	18.5	1000	19.0
500	33.3	1100	16.8	1200	15.9
600	27.8	1200	15.4	1400	13.6
700	23.9	1300	14.2	1600	12.0
800	20.9	1400	13.2	1800	10.6
900	18.6	1500	12.4	2000	9.6

Economics of Rotational Crops

- **Assume: 9 bushel/acre increase in wheat yield
\$3/bushel**

Total increase in wheat revenues = \$27

\$9 for land owner

\$18 for producer

**Economics of production in the Palouse is the
economics of rotations, not single crops.**

- Oilseed yields are more variable than wheat, barley and pulse yields.
- Oilseeds are more difficult to produce than wheat, barley and pulse yields.
- Oilseeds require more management to produce than does wheat, barley or pulses.
- Oilseed production benefits following grain production.
- Current prices for oilseeds discourages the production of oilseeds.

That's All Folks!

Go Cougs!