

Custom Rate Comparison for 2016

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<http://www.agmanager.info>

Introduction

A revised version of the KSU Custom Rate Tool is now available on AgManager.info. This tool uses the current diesel fuel price and an index of input prices that farmers pay to estimate the custom operation rates for machinery in Kansas. The last survey of custom rates was completed in 2013, so there is some risk that the current estimates might not reflect actual rates. However, the model has, historically, provided estimates that are a close fit to actual values over a wide range of diesel fuel prices.

As might be expected, lower diesel fuel prices since the middle of 2015 have helped to stabilize custom rates in Kansas. Table 1 shows the rate of increase for the machinery categories since 2013.

As can be seen in the table, all categories of custom rates increased from 2013 to 2014 with planting increasing the most and harvesting the least. From 2014 to 2015 rate changes were somewhat mixed with harvesting decreasing by nearly 4% while planting

increased by nearly 3%. From 2015 to 2016, most categories increased except for harvesting which decreased slightly.

The decline in diesel prices during 2015 may have thrown off the timing of when rates changed between 2014 and 2016. The model to predict custom rates is based on the average diesel fuel price for the year. Because diesel fuel prices declined for most of 2015, the diesel fuel price when many custom operations were being priced was likely higher than the average for the year (2015). Thus the table may be overestimating the decline in actual custom rates for 2015. This means that in many cases, the rate increases shown for 2016 are less than shown. In other words, producers likely saw higher custom rates in 2015 than the table indicated and will likely see lower increases in rates for 2016 than Table 1 indicates.

Table 2 on the next page lists our expectations for custom rates for 2016 based on a highway diesel price of \$2.10.

Table 1 . Rate of Change in Custom Rates

	2015 to 2016	2014 to 2015	2013 to 2014
Tillage	1.5%	-1.1%	3.2%
Fertilizer application	2.8%	0.7%	3.9%
Spraying	2.1%	0.1%	3.1%
Planting	4.4%	2.8%	5.1%
Harvesting	-0.7%	-3.8%	1.6%

Table 2. 2016 Custom Rates

	OPERATION	State	North- west	South- west	North- central	South- central	Northeast	Southeast
Tillage	Disk	\$ 11.97	\$ 10.41	\$ 10.99	\$ 12.52	\$ 12.48	\$ 13.82	\$ 13.08
	Offset disk	\$ 11.59	\$ 10.54	\$ 10.82	\$ 12.40	\$ 12.06	\$ 14.04	\$ 13.99
	Chisel 4-12 in	\$ 12.59	\$ 10.65	\$ 10.63	\$ 12.85	\$ 12.84	\$ 15.44	\$ 14.80
	Springtooth harrow	\$ 9.70	\$ 8.71	\$ 8.55	\$ 9.09	\$ 9.04	\$ 10.45	\$ 10.50
	Field cultivate	\$ 11.11	\$ 10.59	\$ 10.88	\$ 11.82	\$ 11.23	\$ 13.16	\$ 12.30
	V-blade	\$ 8.93	\$ 8.38	\$ 8.55	\$ 10.33	\$ 10.09	\$ 8.76	\$ 8.77
Fertilizer application	Row crop cultivation with fertilizer	\$ 10.86	\$ 12.46	\$ 12.46	\$ 11.15	\$ 11.15	\$ 11.58	\$ 11.58
	Dry fertilizer	\$ 6.19	\$ 6.26	\$ 6.30	\$ 6.22	\$ 5.61	\$ 6.49	\$ 5.96
	Liquid fertilizer	\$ 6.33	\$ 6.52	\$ 6.60	\$ 6.29	\$ 5.78	\$ 6.91	\$ 6.46
	NH3 application	\$ 14.52	\$ 12.36	\$ 12.58	\$ 12.98	\$ 10.51	\$ 15.20	\$ 13.24
	Ground herbicide	\$ 6.26	\$ 6.03	\$ 6.11	\$ 6.08	\$ 5.78	\$ 6.87	\$ 6.48
	Aerial herbicide	\$ 7.59	\$ 6.56	\$ 6.40	\$ 6.67	\$ 6.88	\$ 7.90	\$ 8.10
	Ground insecticide	\$ 6.29	\$ 6.13	\$ 6.13	\$ 6.17	\$ 5.83	\$ 7.03	\$ 6.62
	Aerial insecticide	\$ 7.82	\$ 7.30	\$ 7.01	\$ 7.41	\$ 7.60	\$ 8.78	\$ 9.01
Planting	Wheat, reg-till planting	\$ 15.86	\$ 14.52	\$ 14.65	\$ 17.69	\$ 16.26	\$ 18.45	\$ 17.06
	Milo, reg-till planting	\$ 18.25	\$ 17.98	\$ 17.63	\$ 18.75	\$ 19.66	\$ 19.16	\$ 17.69
	Corn, reg-till planting	\$ 18.32	\$ 17.74	\$ 17.94	\$ 18.59	\$ 19.56	\$ 18.52	\$ 17.16
	Soybeans, reg-till planting	\$ 18.38	\$ 17.81	\$ 17.66	\$ 18.41	\$ 18.88	\$ 18.47	\$ 16.98
	Grass seeding, reg-till	\$ 18.56	\$ 17.78	\$ 17.85	\$ 18.85	\$ 17.76	\$ 21.48	\$ 20.91
	Alfalfa seeding, reg-till	\$ 18.72	\$ 19.46	\$ 18.88	\$ 19.85	\$ 17.88	\$ 21.57	\$ 20.68
	Sunflowers, reg-till planting	\$ 18.32	\$ 17.84	\$ 17.74	\$ 18.80	\$ 19.19	\$ 18.71	\$ 17.27
	Wheat, min-till planting	\$ 19.77	\$ 19.57	\$ 19.38	\$ 22.33	\$ 20.73	\$ 24.38	\$ 23.31
	Milo, minimum till	\$ 20.67	\$ 19.23	\$ 18.90	\$ 20.75	\$ 21.64	\$ 23.22	\$ 22.20
	Corn, minimum till	\$ 20.58	\$ 19.72	\$ 19.94	\$ 21.00	\$ 21.93	\$ 22.75	\$ 21.60
	Soybeans, minimum till	\$ 20.88	\$ 20.61	\$ 20.86	\$ 21.50	\$ 22.24	\$ 23.46	\$ 22.39
Sunflowers, minimum till	\$ 20.71	\$ 19.85	\$ 19.88	\$ 21.65	\$ 22.08	\$ 23.14	\$ 22.06	
Harvesting	Wheat (base)	\$ 22.28	\$ 21.27	\$ 21.04	\$ 21.49	\$ 21.47	\$ 26.57	\$ 25.75
	Wheat (extra charge for high yield) \$/bu	\$ 0.22	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21
	Milo (base)	\$ 22.68	\$ 22.30	\$ 22.04	\$ 22.76	\$ 22.82	\$ 28.57	\$ 27.21
	Milo (extra charge for high yield) \$/bu	\$ 0.22	\$ 0.23	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.21
	Corn (base)	\$ 28.92	\$ 27.63	\$ 27.59	\$ 29.14	\$ 29.78	\$ 30.25	\$ 28.98
	Corn (extra charge for high yield) \$/bu	\$ 0.25	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.18	\$ 0.18
	Soybeans (base)	\$ 27.67	\$ 27.89	\$ 28.77	\$ 28.25	\$ 28.10	\$ 27.76	\$ 25.68
	Soybeans (extra charge for high yield) \$/bu	\$ 0.20	\$ 0.21	\$ 0.21	\$ 0.22	\$ 0.21	\$ 0.21	\$ 0.21
	Sunflower (base)	\$ 31.87	\$ 31.31	\$ 31.19	\$ 32.02	\$ 32.56	\$ 32.36	\$ 32.11
	Sunflower (extra charge for high yield) \$/cwt	\$ 0.28	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29
	Silage (base)	\$ 7.80	\$ 8.00	\$ 8.08	\$ 7.84	\$ 8.50	\$ 8.09	\$ 8.05
	Hauling	Wheat - hauling - \$/bu	\$ 0.20	\$ 0.21	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.19
Milo - hauling - \$/bu		\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.19	\$ 0.19
Corn - hauling - \$/bu		\$ 0.17	\$ 0.17	\$ 0.17	\$ 0.17	\$ 0.15	\$ 0.17	\$ 0.16
Soybeans - hauling - \$/bu		\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.19	\$ 0.19	\$ 0.18	\$ 0.18
Sunflower - hauling - \$/cwt		\$ 0.29	\$ 0.44	\$ 0.45	\$ 0.41	\$ 0.41	\$ 0.31	\$ 0.31