

Homework #3: Price Projections, Farm Financials, Etc.

Due 4/30/2009

15 points possible + 2 bonus points

Late assignments are docked 10% of the point total per (school) day overdue.

Long answer (please show your work where possible):

1. (3 points) Name 3 sources of crop outlook information.

2. (5 points) Given the data below, compute a 14-day Relative Strength Index for Dec. 2009 corn.

Date	Futures Price
4/1/2009	4.2725
4/2/2009	4.3375
4/3/2009	4.355
4/6/2009	4.3675
4/7/2009	4.275
4/8/2009	4.2775
4/9/2009	4.2175
4/13/2009	4.1925
4/14/2009	4.2475
4/15/2009	4.1525
4/16/2009	4.1675
4/17/2009	4.07
4/20/2009	3.9875
4/21/2009	4.035
4/22/2009	4.0325

3. (4 points) Given the data below, compute your per-bushel soybean cash flow costs as a cash renter and as a land owner. Your average yield was 55 bushels per acre.

	\$ per acre
Machinery Costs	55.80
Seed, Chemicals, and Fertilizer	202.85
Labor	26.95
Land	205.00

4. (3 points) What is the current ratio and the debt-to-asset ratio for the farm outlined below?

Current Assets	\$413,000	Current Liabilities	\$240,000
Checking and savings accounts	\$15,000	Accounts payable	\$22,500
Crops held for sale/feed	\$240,000	Farm taxes due	\$0
Investment in growing crops	\$25,000	Current notes and credit lines	\$175,000
Commercial feed on hand	\$35,000	Accrued interest - short	\$12,500
Prepaid expenses	\$26,000	- fixed	\$10,000
Market livestock	\$50,000		
Supplies on hand	\$12,000	Due in 12 months - fixed	\$20,000
Accounts receivable	\$10,000		

<i>Fixed Assets</i>	\$493,000	<i>Fixed Liabilities</i>	\$150,000
Unpaid coop. distributions	\$0	Notes and contracts, remainder	\$150,000
Breeding livestock	\$23,000		
Machinery & equipment	\$95,000		
Buildings/improvements	\$75,000		
Farmland	\$300,000		

Bonus Question (2 points):

What is the FAPRI U.S. corn price projection for 2015?