

Machinery Ownership and Leasing

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Purpose of module

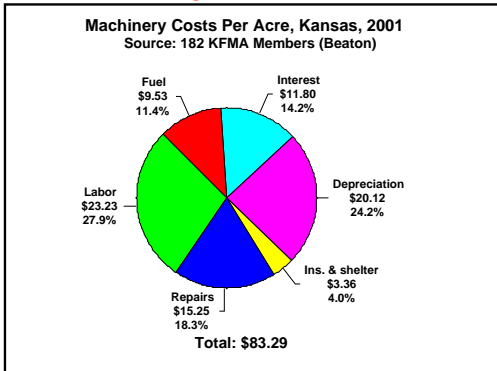
- Develop an understanding of the costs associated with owning and operating machinery
- Trying to reduce decisions to numbers
 - Custom hire
 - Own vs. rent
 - Lease vs. purchase
 - Trading strategies
- ... targeting the decision tools:
 - "OwnSeries" (Excel spreadsheets)
 - *OwnBaler.xls*, *OwnCombine.xls*, *OwnSprayer.xls*, and *OwnTractor.xls*
 - *KSU-MachCost.xls*
 - *KSU-GPSguidance.xls*
 - *GuidanceSectionControlProfitCalculator.xls* and *.swf*

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Module: Machinery Ownership and Leasing

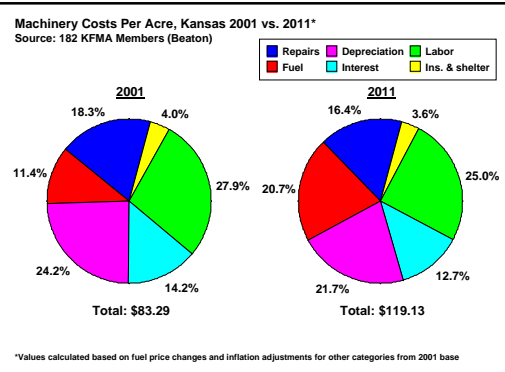
Session: Fuel price and machinery costs

Fuel prices are relatively high, but fuel costs represent one of the smaller cost categories...



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... but, fuel cost category is becoming increasingly more important as prices increase.



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Effect diesel prices have on machinery costs per acre based on fuel consumption...

Fuel Consumption and Diesel Price Impact for Various Field Operations

Operation	Fuel use gallons/acre	Fuel price increase, \$/gallon				
		\$0.25	\$0.50	\$1.00	\$1.50	\$0.29
Increase in operation cost, \$/acre						
Chisel plow	0.60	\$0.15	\$0.30	\$0.60	\$0.90	\$0.17
Field cultivator	0.32	\$0.08	\$0.16	\$0.32	\$0.48	\$0.09
Tandem disk	0.49	\$0.12	\$0.25	\$0.49	\$0.74	\$0.14
Min-till planter	0.53	\$0.13	\$0.27	\$0.53	\$0.80	\$0.15
No-till drill	0.81	\$0.20	\$0.41	\$0.81	\$1.22	\$0.24
Sprayer	0.11	\$0.03	\$0.06	\$0.11	\$0.17	\$0.03
Swather-conditioner	0.42	\$0.11	\$0.21	\$0.42	\$0.63	\$0.12
Round baler	0.49	\$0.12	\$0.25	\$0.49	\$0.74	\$0.14
Combine-wheat	1.49	\$0.37	\$0.75	\$1.49	\$2.24	\$0.43
Combine-soybeans	2.20	\$0.55	\$1.10	\$2.20	\$3.30	\$0.64
Combine-corn	2.41	\$0.60	\$1.21	\$2.41	\$3.62	\$0.70

Source: Lazarus (abbreviated version)

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