



Higher fuel prices push up custom rates

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With prices for diesel fuel up 50 percent or more over a year ago, farm custom rates have begun to creep upwards, as well. A recently completed survey of custom rates paid or charged by Iowa farmers showed small but consistent increases in nearly every operation. Most operations showed increases of two to eight percent over the 2004 average rate, with five percent being about the average change. Tillage operations showed higher percentage increases than harvesting, since fuel is a larger portion of the total cost for tillage.

While the price of diesel fuel has the most immediate impact on a custom operator's costs, prices for both new and used machinery have jumped significantly, as well. This is due

in part to higher prices for steel, but also to a strong demand for machinery purchases. Farm income has been relatively good the past two years, and the limits for first-year deductions of machinery purchases have been raised by the IRS.

The Iowa Farm Custom Rate Survey sampled 185 farmers, custom operators, farm managers and lenders. Respondents were asked what they expected to pay or charge for various operations in 2005. Rates may vary from the average based on timeliness, size and shape of the fields, condition of the crop, quality of the machine and skill of the operator. A summary of the survey, including average values and ranges reported, is available as information file A3-10.

Updates, continued from page 1

Internet updates

In addition to those listed on page one, the following updates have been added to www.extension.iastate.edu/agdm.

Charting Commodity Futures—A2-20 (5 pages)

Grain Price Hedging Basics— A2-60 (3 pages)

Using Hedging in a Marketing Program— A2-61 (4 pages)

Hedging vs. Forward Cash Contracting— A2-62 (2 pages)

Historic Iowa Farmland Custom Rate Survey— A3-12 (3 pages)

Historic County Cropland Rental Rates – C2-11 (5 pages)

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