

Economics of Bahia vs. Bermuda

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COOPERATIVE EXTENSION
Colleges of Agricultural and Environmental Sciences & Family and Consumer Sciences



Southeast Cattle Advisor

Bahia vs. Bermuda

Bahia

- Longer growing season
- Requires less fertilizer
- More drought-tolerant
- Requires less management
- Easier/cheaper to establish



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Bahia vs. Bermuda



Bermuda

- Higher production
- More easily over-seeded
- Requires more fertilizer
- More responsive to higher management



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Two Financial Considerations for Making this (or any other) Decision

1. Annual costs/net returns
2. Start-up/establishment costs



Assumptions

	Bahia- No fertilizer	Bahia - High	Common Bermuda- Low	Common Bermuda- High	Hybrid Bermuda- Low	Hybrid Bermuda- High
Establishment Costs	\$154	\$313	\$298	\$298	\$473	\$473
Annual Maintenance Costs	\$0	\$154	\$98	\$173	\$146	\$221

See UGA forage extension pubs for specific fertilization and seeding recommendations
 Prices for fertilizer : N= \$0.75, P=\$0.65, and K =\$0.60
 Bahia seed = \$7.50/lb., Bermuda seed = \$10.00/lb., and Bermuda sprigs = \$125/acre.

A photograph of a silver calculator with a black display screen. The screen shows a simple line drawing of three cows in profile, facing right. The calculator is positioned diagonally on a red, textured surface. A black rectangular box is overlaid on the right side of the calculator, containing the word "RESULTS" in white, bold, sans-serif capital letters.

RESULTS

Results for 100 Acres

	Bahia- No fertilizer	Bahia - High	Common Bermuda- Low	Common Bermuda- High	Hybrid Bermuda- Low	Hybrid Bermuda- High
Acres/cow	3	2	2.5	1.75	1.75	1.25
Net \$/Cow	\$840	\$533	\$596	\$538	\$584	\$563
Cows on 100 acres	33	50	40	57	57	80
Net \$ from 100 Acres (excluding rent)	\$27,720	\$15,375	\$23,850	\$30,673	\$33,292	\$45,075

Revenue figured on 525# calf
sold for \$160/cwt.



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Results for 100 Cows

	Bahia- No fertilizer	Bahia - High	Common Bermuda- Low	Common Bermuda- High	Hybrid Bermuda- Low	Hybrid Bermuda- High
Value of 100 calves	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000
Acres required for 100 cows	300	200	250	175	175	125
Fertilizer + Rent	\$7,500	\$20,375	\$16,000	\$21,625	\$19,000	\$25,250
Total Expenses (incl. interest)	\$7,763	\$21,088	\$16,656	\$22,382	\$19,665	\$26,134
Net \$	\$76,238	\$62,912	\$67,440	\$61,618	\$64,335	\$57,866

Revenue figured on 525# calf sold for \$160/cwt. Rent figured at \$25/acre

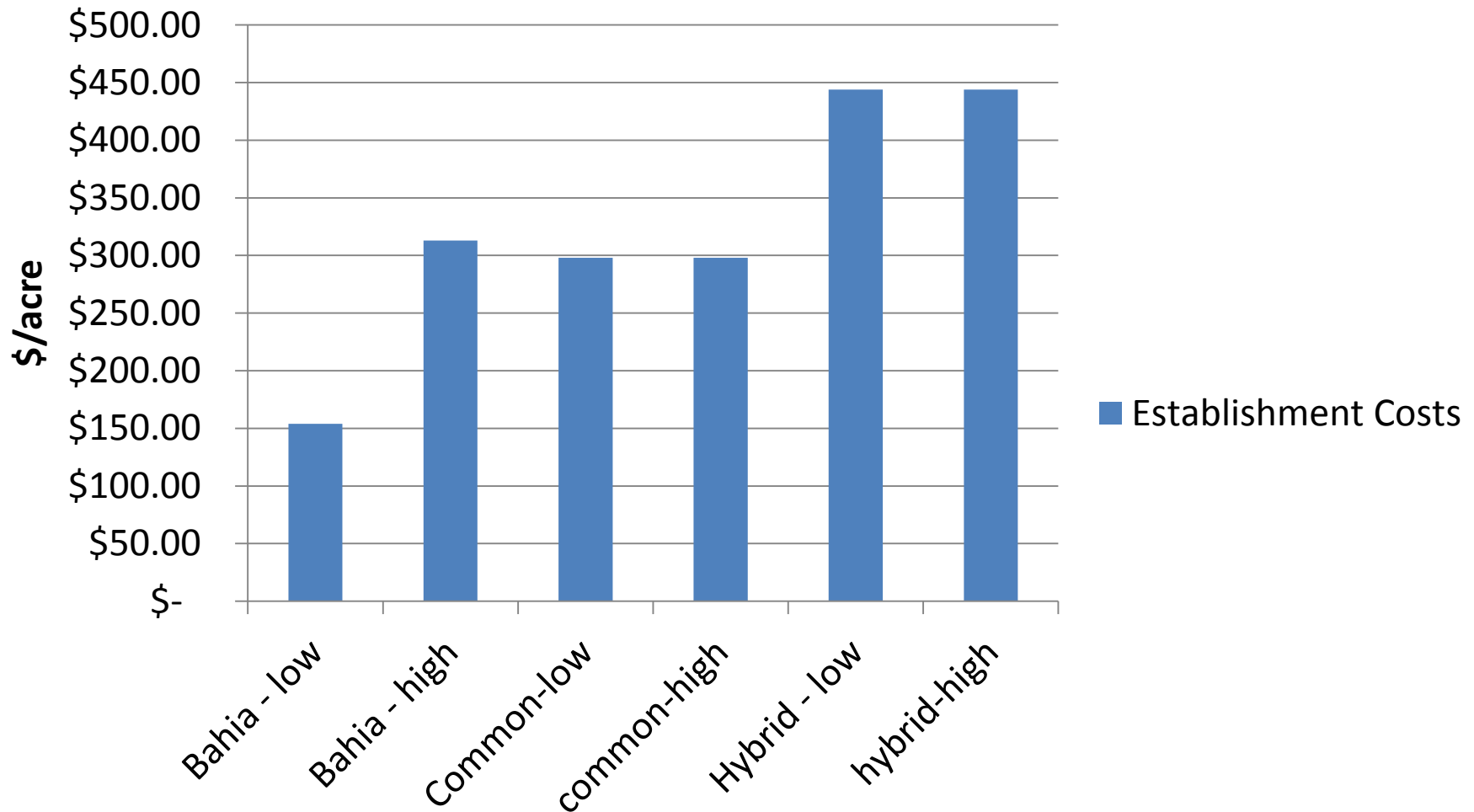


ESTABLISHMENT COSTS AND CONSIDERATIONS

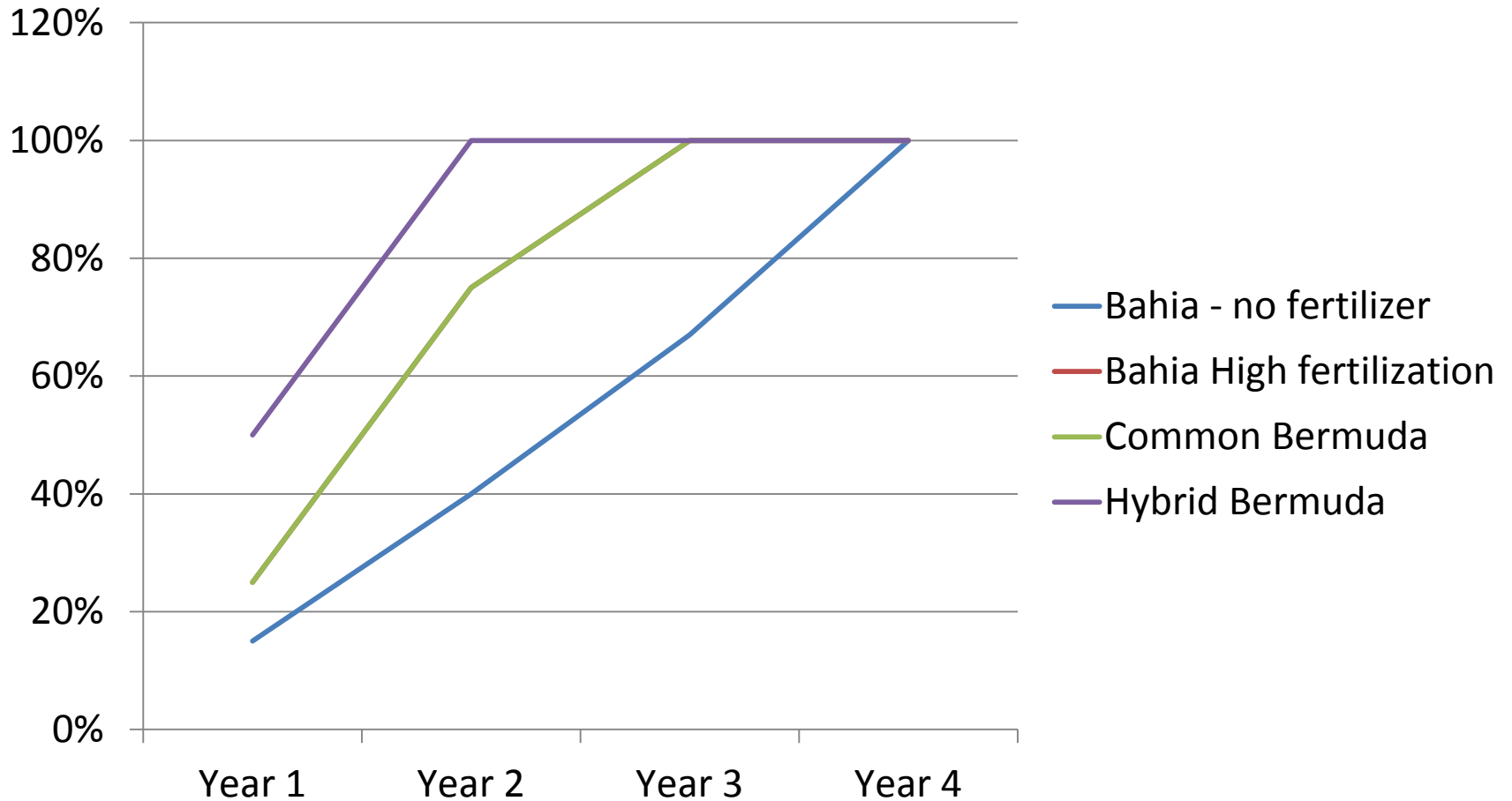
Accounting for Establishment Costs

- Can't pay for everything in one year.
- Two ways to analyze:
 - Years to recover establishment costs
 - Accumulated cash flow by set year

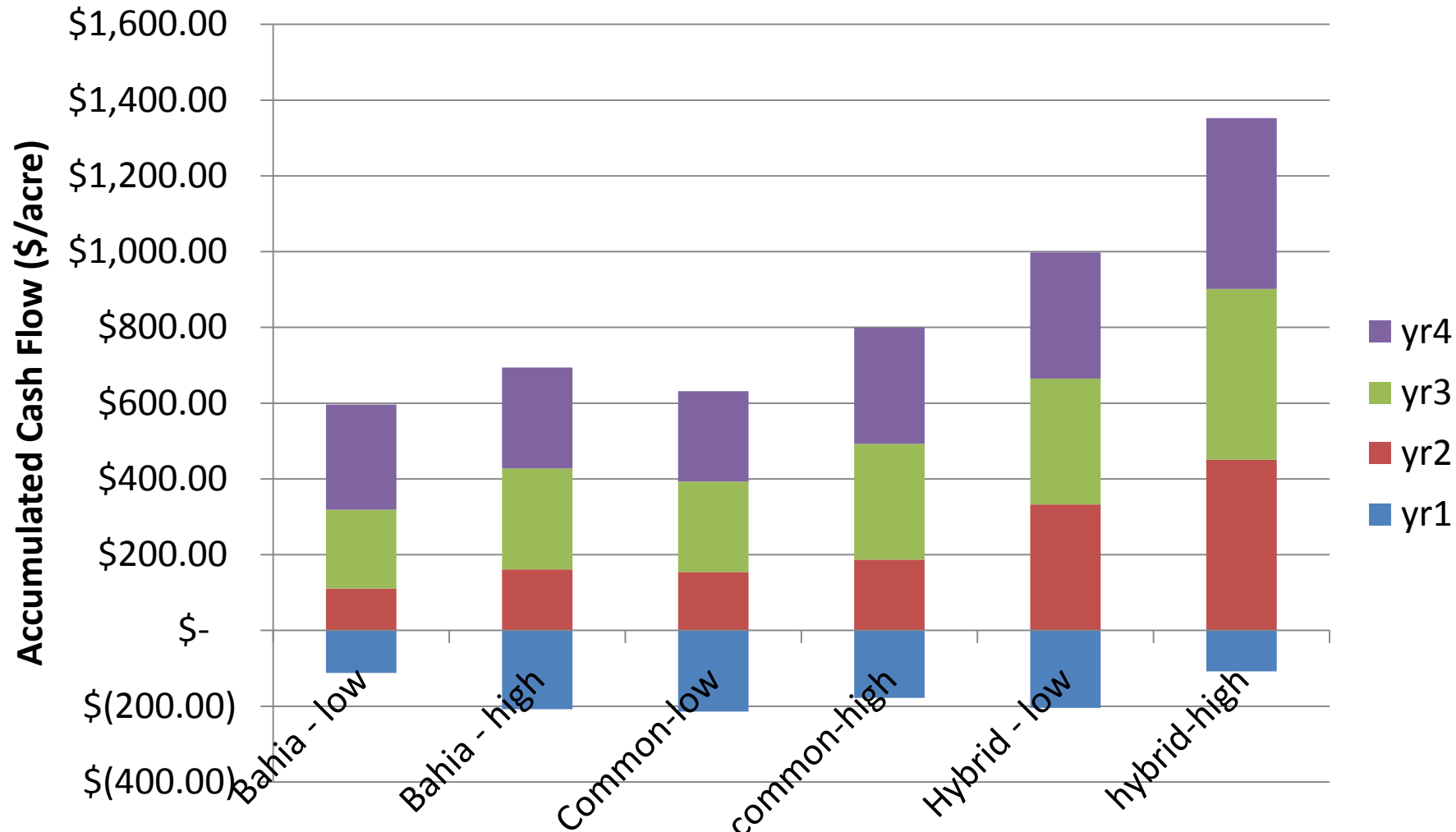
Establishment Costs



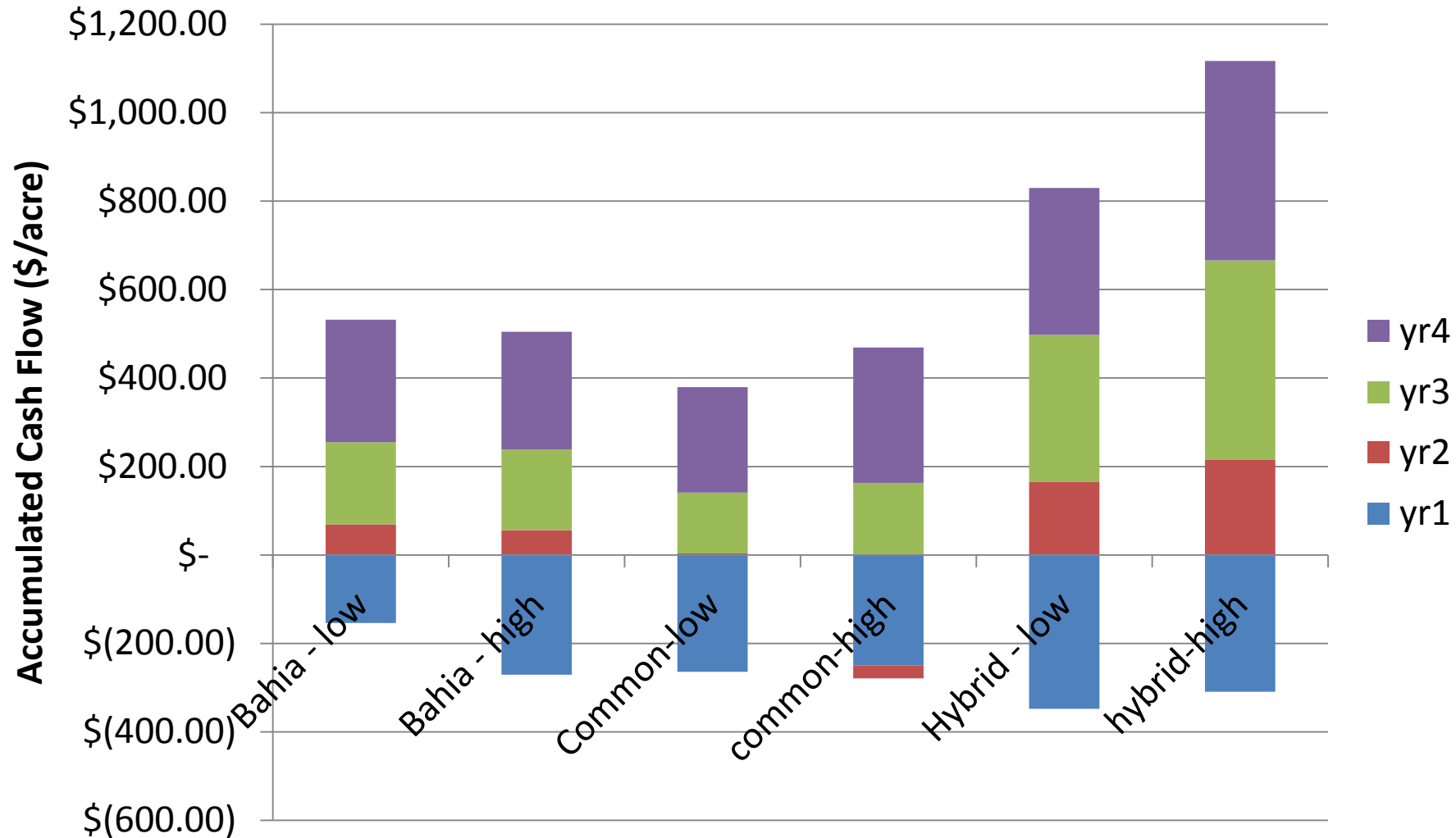
Percentage of Full Production by Year



Accumulated Cash Flow-Normal Years



Accumulated Cash Flow-Dry Years



Take Home Points

- There is a difference in being economical and cheap.
- Concerning forages it appears the best approach is to decide if you want to focus on increasing production or minimizing costs → either be prepared to spend a lot or nothing. Don't be in-between
- If land is your limiting factor, plant hybrids and fertilize heavily.
- If possible, renting additional Bahia grass pastures can be economical as well.
- When it comes to Bermuda grasses, either fertilize them well or don't plant them.

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