

Break-Even Analysis

- **Break-Even Budget** - A budget drawn up to establish the value of a selected planning coefficient for which *gains and losses are equal*.
- **Break-Even Output** - The required output (yield) for covering the total costs.
- **Break-Even Price** - The required price for covering the total costs

Definitions

&Y - Yield (Kg/Acre)

&CN - Costs not related to yield
(\$/Acre)

&CR - Costs related to yield
(\$/Kg)

&P - Price (\$/Kg)

&Y* - Break-even yield


$$Y^* = \frac{CN}{P - CR}$$

&P* - Break-even price

$$P^* = \frac{CN + CR * Y}{Y}$$

■ **Costs related to yield -**
Expenses that vary in direct proportion to the scale of yield

■ **Examples:**

 cost of harvest

 cost of packing materials

■ **Costs not related to yield-** Costs that do not depend on yield level.

■ **Examples:**

 cost of water

 cost of sowing

