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The top section of this report summarizes the standard physical production measures reported by the industry's integrators. These are the standards of performance by which individual broiler operations are measured and paid. Cost Per Pound is the farmer's operating cost to achieve that physical performance and it increased in 2006 and 2007.

The middle section is a detailed enterprise analysis. It reveals the average costs and returns for these broiler operations as dollar totals and cents per pound of birds sold. Gross Income per farm has increased 2% from 2003 to 2007. Total Operating Expense increased 16%. Utilities and interest costs have traditionally been the two biggest cash costs for growers. Utility costs rose from 32% of Total Operating Expense in 2003 to 43% in 2007. Low interest rates and a general slowdown in new broiler construction kept interest costs down for most of this period. Other significant costs include Livestock Supplies (which include shavings) and Labor Paid.

Depreciation is not a cash cost, but represents an allocated portion of the original cash outlay. The typical cost of building and equipping new broiler houses runs about \$200,000 per house. Tunnel ventilated houses are now being upgraded to include solid walls and blackout curtains. Houses are typically financed for 15 years.

In 2007 the average farm in this group received Total Operating Income of \$25,838 from 101,476 square feet. For a broiler operation with four 40-by-500 foot houses, this translates into Total Operating Income of about \$20,369, which is a decrease of \$15,972 from 2006.

## ALABAMA POULTRY ENTERPRISE ANALYSIS

	2003	2004	2005	2006	2007
Cost Per Pound	3.04	3.31	3.05	3.21	3.84
Weight of Birds Sold	5.23	5.30	5.40	6.57	5.43
Feed Conversion	1.86	1.97	1.97	1.89	1.91
% of Pounds Condemned	0.42%	0.44%	0.50%	0.34%	0.25%
Livability	96.29%	94.88%	95.31%	95.26%	94.97%

Costs And Returns	Total ¢ per lb.		Total ¢ per lb.		Total ¢ per lb.		Total ¢ per lb.		Total ¢ per lb.	
<b>Gross Income</b>	172,439	<b>5.07</b>	176,114	5.07	201,707	<b>5.35</b>	223,611	<b>5.63</b>	175,279	<b>5.59</b>
Operating Expenses										
Livestock Supply	9,922	0.29	11,103	0.32	10,584	0.28	10,515	0.26	9,030	0.29
Machinery Repairs	8,180	0.24	9,538	0.27	7,925	0.21	7,873	0.20	9,264	0.30
Machinery Hire	4,739	0.14	3,292	0.09	4,041	0.11	8,095	0.20	8,848	0.28
Fuel & Oil	1,899	0.06	3,697	0.11	4,109	0.11	5,197	0.13	4,242	0.14
Heating Fuel					22,257	0.59	31,257	0.79	31,592	1.01
Electricity					14,670	0.39	15,576	0.39	14,056	0.45
Other Utilities	33,339	0.98	37,981	1.09	5,961	0.16	6,792	0.17	5,962	0.19
Interest Paid	18,356	0.54	17,088	0.49	22,139	0.59	16,717	0.42	13,818	0.44
Labor Paid	14,540	0.43	20,521	0.59	12,284	0.33	13,867	0.35	10,072	0.32
Building Repair	2,059	0.06	2,478	0.07	1,787	0.05	2,016	0.05	3,880	0.12
Insurance	5,125	0.15	5,738	0.17	6,338	0.17	6,834	0.17	6,939	0.22
Taxes	559	0.02	451	0.01	725	0.02	827	0.02	1,530	0.05
Light Vehicle	364	0.01	95	0.00	572	0.02	168	0.00	181	0.01
Miscellaneous	882	0.03	136	0.00	1,582	0.04	1,509	0.04	954	0.03
Cash Rent	3,483	0.10	2,790	0.08	61	0.00	283	0.01	12	0.00
<b>Total Operating Expense</b>	<b>103,447</b>	<b>3.04</b>	<b>114,908</b>	<b>3.31</b>	<b>115,035</b>	<b>3.05</b>	<b>127,526</b>	<b>3.21</b>	<b>120,380</b>	<b>3.84</b>
Income Above Op Expense	68,992	2.03	61,206	1.76	86,673	2.30	96,084	2.42	54,899	1.75
Machinery Depreciation	16,951	0.50	15,973	0.46	20,488	0.54	16,831	0.42	11,461	0.37
Building Depreciation	21,744	0.64	21,025	0.61	28,695	0.76	30,943	0.78	17,600	0.56
<b>Total Operating Income</b>	<b>30,297</b>	<b>0.89</b>	<b>24,208</b>	<b>0.70</b>	<b>37,490</b>	<b>0.99</b>	<b>48,311</b>	<b>1.22</b>	<b>25,838</b>	<b>0.82</b>

### Production Efficiency

Number of Farms	18	17	18	17	9
Number of Flocks	5.78	5.85	5.94	5.47	5.22
Days on Farm	48.76	49.91	49.88	52.85	51.63
<b>Weight of Birds Sold</b>	<b>5.23</b>	<b>5.30</b>	<b>5.40</b>	<b>6.57</b>	<b>5.43</b>
Pounds Feed Fed	6,326,907	6,822,207	7,411,649	7,494,926	5,978,737
<b>Feed Conversion</b>	<b>1.86</b>	<b>1.97</b>	<b>1.97</b>	<b>1.89</b>	<b>1.91</b>
Birds Placed	677,303	692,852	737,378	637,659	609,507
Birds Produced	652,159	657,356	702,810	607,426	578,849
Birds Sold	649,850	654,630	697,799	604,585	577,427
Birds Condemned	2,308	2,726	5,011	2,840	1,422
<b>Livability</b>	<b>96.29%</b>	<b>94.88%</b>	<b>95.31%</b>	<b>95.26%</b>	<b>94.97%</b>
% of Birds Placed: Condemned	0.34%	0.39%	0.68%	0.45%	0.23%
Farm Death Loss	3.71%	5.12%	4.69%	4.74%	5.03%
Sold	95.95%	94.48%	94.63%	94.81%	94.74%
Total lb Produced	3,415,408	3,486,878	3,790,321	3,984,441	3,140,494
Total lb Sold	3,401,189	3,471,401	3,771,464	3,970,960	3,132,794
Total lb Condemned	14,220	15,477	18,857	13,481	7,701

## **WEST ALABAMA CATFISH ENTERPRISE ANALYSIS**

This analysis is a detailed analysis of catfish production in the Blackbelt area of Alabama. 2007 was a year of unease for catfish producers. Pond bank prices fell from their \$.80 per pound high to a low of \$.55 per pound in a relatively short period of time. During this same time period, the price of feed was on the rise due to higher corn and soybean prices. The price of catfish feed has increased from \$250 to \$425 per ton. The increased cost of feed and the low price of fish has many farmers struggling with the decision of whether to restock their ponds. The only bright spot in the industry is the potential for fish prices to rise in the near future.

The analysis shows the averages for several production parameters such as production per water acre, feed fed, and feed conversion. Average Net Operating Income in 2007 was -\$948.78 per water acre. The decrease in Net Operating Income from 2006 to 2007 was mainly due to the decrease in pounds of fish sold. The Breakeven Price decreased from 2006 to 2007 because producers' operating expenses dropped from \$4,613 to \$3,949 per water acre.



# WEST ALABAMA CATFISH ENTERPRISE ANALYSIS

Year	2005	2006	2007
Number of Farms	5	5	7
Average Total Acres	960	974	753
Average Water Acres	183	196	173.5
Average Number of Ponds	15	16	14
	Average/ water acre	Average/ water acre	Average/ water acre
<b>Farm Returns</b>			
Value of Fish Production	4,092.20	5,137.68	3,101.76
Other Receipts	32.89	391.16	104.49
<b>Total Gross Returns</b>	<b>4,125.09</b>	<b>5,528.84</b>	<b>3,206.26</b>
<b>Operating Expenses</b>			
Value of Feed Fed	1,593.24	1,617.28	1,714.55
Fingerlings	575.98	970.14	573.57
Labor	319.14	408.66	368.05
Utilities	176.96	323.03	244.61
Chemicals	69.92	97.37	117.52
Machine Hire	125.33	100.47	99.25
Machine Repairs	176.68	291.34	288.43
Interest	239.12	204.32	199.65
Fuel	116.45	161.82	149.76
Insurance	32.11	47.28	45.25
Taxes	9.06	6.52	6.29
Cash Rent	35.64	34.51	46.25
Miscellaneous	55.65	27.31	29.88
Pond/Bldg. Repair	126.13	322.65	66.01
<b>Total Operating Expense</b>	<b>3,651.41</b>	<b>4,612.69</b>	<b>3,949.08</b>
<b>Income Above Op Expense</b>	<b>473.68</b>	<b>916.15</b>	<b>-742.83</b>
Machinery Depreciation	154.91	161.59	162.94
Pond/Building Depreciation	44.84	47.96	43.02
<b>Net Operating Income</b>	<b>273.93</b>	<b>706.61</b>	<b>-948.78</b>
<b>Production Efficiency</b>			
Feed Fed (lbs)	14,076	13,146	13,069
Price Feed Fed (\$/ton)	\$244	\$246	\$263
Pounds Stocked	486	630	574
Feed conversion (lbs feed fed/lbs fish produced)	2.20	2.33	2.63
Pounds Fish Harvested	6,935	7,344	5,560
Price Received (per lb. fish sold)	\$0.67	\$0.72	\$0.73
Fish Produced (Pounds)	6,024	5,766	5,123
Breakeven Price <sup>1</sup>	\$0.61	\$0.80	\$0.77

1. Operating Expenses / Pounds of Fish Produced

# **ALABAMA COW-CALF ENTERPRISE ANALYSIS**

The Alabama Cow-Calf Enterprise Analysis provides detailed costs and returns for selected brood cow herds in central Alabama. The average is compared to lower and upper groups ranked by Net Operating Income per cow. A group of 10 farms was selected for this analysis and the average farm had 272 cows.

The upper third made \$137 per cow and the lower third lost \$41. The selling weight per calf was about the same, but the top group received \$4.74 more per cwt. The top group relied more heavily on custom work receipts than the lower group. The top group spent less money on purchased feed (\$64) and grazing (\$78) than the lower group (\$116 and \$119, respectively). The Breakeven price was \$82.09 for the upper group and \$129.17 for the lower group.

# ALABAMA COW-CALF ENTERPRISE ANALYSIS

Year	2007	Lower 1/3	Average	Upper 1/3
Number of Farms	10			
Average Total Acres		1,264	1,238	1,420
Average Pasture Acres		790	836	836
Average Number of Cows		278	272	262
		<b>Average Per Cow</b>	<b>Average Per Cow</b>	<b>Average Per Cow</b>
<b>Farm Returns</b>				
Value of Beef Produced		503.58	513.69	531.63
Other Farm Income		65.15	92.40	156.10
<b>Total Gross Returns</b>		<b>568.73</b>	<b>606.09</b>	<b>687.73</b>
<b>Operating Expenses</b>				
Value of Purchased Feed Fed <sup>1</sup>		115.67	91.35	64.48
Labor		60.59	61.69	64.02
Utilities		10.34	11.35	16.90
Seed		41.05	23.86	13.91
Fertilizer		71.43	56.40	46.67
Chemicals		6.06	10.37	17.24
Machine Hire		47.14	34.24	26.92
Machine Repairs		47.71	53.35	71.46
Interest		26.67	33.63	32.38
Fuel		52.90	46.76	48.77
Insurance		14.31	17.13	19.46
Taxes		10.07	6.46	1.71
Cash Rent		30.94	31.06	35.11
Miscellaneous		10.03	9.36	10.58
Fence/Bldg. Repair		2.82	12.95	20.77
Vet & Livestock Supplies		20.95	22.64	21.24
<b>Total Operating Expense</b>		<b>568.67</b>	<b>522.59</b>	<b>511.62</b>
<b>Income Above Op Expense</b>		<b>0.06</b>	<b>83.50</b>	<b>176.11</b>
Machinery Depreciation		38.24	34.22	38.07
Fence/Building Depreciation		2.90	2.33	1.15
<b>Net Operating Income</b>		<b>-41.07</b>	<b>46.95</b>	<b>136.89</b>
<b>Production Efficiency</b>				
Quantity of Market Beef Produced (cwt/cow)		5.20	5.28	5.76
Feed Fed (tons/cow)		0.46	0.64	0.78
Price Feed Fed (\$/ton)		\$246	\$217	\$237
Hay Fed (tons/cow)		2.33	1.76	1.65
Value Hay Fed (\$/ton)		\$55	\$66	\$65
Weight per Market Calf sold (lbs)		657	642	650
Price Received (per cwt. market calf sold)		\$98.21	\$98.61	\$102.95
Weight per Breeding animal sold (lbs)		1,265	1,209	1,155
Price Received (per cwt. breeding animal sold)		\$50.75	\$49.66	\$48.44
Breakeven <sup>2</sup> (\$/cwt)		\$129.17	\$98.95	\$82.09

1. Includes purchased supplemental feed and purchased hay.  
Does not include hay raised on farm.

2. Operating Expenses / cwt. Market Beef Produced

# ALABAMA DAIRY HERD ANALYSIS

YEAR 2007	AVERAGE	
	AVG PER CWT M.E.	AVG PER COW
Number of Farms/Cows	5	193.6
Pounds of Milk Produced (Milk Equivalent)*	3,684,858	19,033
Pounds of Beef Produced	120,656	623
Milk Equivalent (M.E.)	39,965	206
Value of Milk Sales	18.72	3,863
Value of Beef Produced	1.59	328
Patronage Returns	0.09	18
Total Returns	20.39	4,210
Value of Grain & Roughage Fed	5.02	1,037
Value of Supplement Fed	5.44	1,123
Value of Feed Fed	10.46	2,160
Returns Above Feed Costs	9.93	2,050
Return Per \$100 Feed Fed	195	
Total Pounds of Feed Fed		
Grain	21	4,336
Supplement	17	3,451
Total Concentrates	38	7,787
Hay & Roughage	23	4,847
Corn Silage	0	0
Other Silage	6	1,281
Pasture Cost†	0.00	1
Hay Equivalent	0.04	7.4
	<b>AVERAGE</b>	
Cost/Cwt of Supplement	32.55	
Pasture Cost/Animal Unit	9	
Number of Cows	193.6	
Cows Dry %	11.4	
Animal Units in Herd	206	
Number of Calves Born	145	
Calving %	75	
Pounds of Fluid Milk Per Cow	19,033	
Butterfat %	3.65	
Pounds of Butterfat Per Cow	686	
Price Received Per Cwt. Milk	20.30	
Price Received Per Cwt. Beef Mkt.	94.23	
Average Purchase Price/Animal - Breeding	1,613	
% Cull Rate - Breeding	25.2	
Weight/Breeding Animal Sold	1,375	
Price Recd/Cwt - Breeding	44.20	
Death Loss - Total Pounds	6,320	
Death Loss - % Pounds Produced	5.2	
Market Number	6	
Breeding Number	4	
Breeding Survival Rate %	98.6	
Net Farm Income		399

\* Milk Equivalent is the value of fluid milk produced **plus** the value of beef produced expressed in terms of milk price. Beef produced is divided by the average price received per cwt. of milk.

† Pasture Cost is cost of fertilizer, chemical, and seed applied to pasture.

The Alabama Dairy Herd Analysis provides details about feed costs and physical production for five dairy farms. Milk prices reached record highs in 2007 and Net Income was \$399.49 per cow, the highest since 2004. Feed prices increased 150% from 2007 levels.

# ALABAMA DAIRY SUMMARY

Year	Bottom Producers		Average		Top Producers	
	Number of Cows	Net Farm Income / Cow	Number of Cows	Net Farm Income / Cow	Number of Cows	Net Farm Income / Cow
2007			193.6	\$399.49		
2006	104.0	(\$115.90)	186.4	\$164.96	268.9	\$276.38
2005	190.0	(\$207.10)	175.2	\$272.23	185.3	\$756.89
2004	112.5	\$59.17	179.3	\$682.19	273.0	\$916.38
2003	159.4	(\$99.00)	187	\$293.14	257.5	\$462.00
2002	229.6	(\$410.00)	172	(\$159.29)	200.3	\$150.00
2001	158.7	\$158.00	203	\$537.77	259.4	\$767.00
2000	182.2	(\$131.00)	218	\$285.27	295.5	\$489.00

Year	Bottom Producers		Average		Top Producers	
	Price Received Per CWT Milk	Production Per Cow	Price Received Per CWT Milk	Production Per Cow	Price Received Per CWT Milk	Production Per Cow
2007			\$20.30	19,033		
2006	\$13.21	15,642	\$12.85	16,769	\$13.06	17,205
2005	\$13.54	20,677	\$14.85	18,363	\$16.53	16,093
2004	\$14.44	12,843	\$14.04	19,048	\$13.81	21,780
2003	\$12.23	14,012	\$11.83	16,547	\$11.64	18,117
2002	\$13.94	12,731	\$14.00	14,064	\$14.05	15,593
2001	\$16.59	15,783	\$16.38	17,626	\$16.28	18,753
2000	\$15.02	17,905	\$13.49	19,024	\$12.63	19,715

Data Source: Individual Alabama dairy farms participating in the Alabama Cooperative Extension System's Farm Analysis and Financial Management Program.

# GOVERNMENT PAYMENTS

	2003	2004	2005	2006	2007
Number of All Farms	112	110	109	104	91
<b>COTTON</b>					
NET FARM INCOME (NFI)	158,457	79,675	88,859	6,656	43,954
GOVERNMENT PAYMENTS	96,686	81,308	114,800	102,391	99,350
NFI WITHOUT GOVERNMENT PAYMENTS	61,771	-1,633	-25,941	-95,735	-55,396
<b>GRAIN</b>					
NET FARM INCOME (NFI)	89,988	60,463	48,850	14,051	45,590
GOVERNMENT PAYMENTS	23,129	36,824	46,584	35,847	56,301
NFI WITHOUT GOVERNMENT PAYMENTS	66,859	23,639	2,266	-21,796	-10,711
<b>PEANUTS/COTTON</b>					
NET FARM INCOME (NFI)	221,358	45,792	50,100	83,240	-17,485
GOVERNMENT PAYMENTS	157,443	106,285	179,927	190,944	175,204
NFI WITHOUT GOVERNMENT PAYMENTS	63,915	-60,493	-129,827	-107,704	-192,689
<b>DAIRY</b>					
NET FARM INCOME (NFI)	53,717	122,309	47,695	29,981	77,341
GOVERNMENT PAYMENTS	32,582	15,512	12,708	21,972	1,095
NFI WITHOUT GOVERNMENT PAYMENTS	21,135	106,797	34,987	8,009	76,246
<b>COW-CALF</b>					
NET FARM INCOME (NFI)	608	134	7,072	-6,909	-7,338
GOVERNMENT PAYMENTS	11,914	6,578	9,052	10,826	9,953
NFI WITHOUT GOVERNMENT PAYMENTS	-11,306	-6,444	-1,980	-17,735	-17,291
<b>ALL FARMS</b>					
NET FARM INCOME (NFI)	104,177	53,144	44,133	36,022	-14,676
GOVERNMENT PAYMENTS	60,971	48,069	72,840	69,085	155,993
NFI WITHOUT GOVERNMENT PAYMENTS	43,206	5,075	-28,707	-33,063	-170,669

This table illustrates the importance of government payments to the farm's bottom line. Government payments are subtracted from Net Farm Income to find what profit is derived from production and marketing. Government payments to cow-calf and dairy farmers include direct crop subsidies as well as livestock program payments. Payments to cotton, grain, and peanut farms consist of crop subsidies and disaster payments only.

The current farm program implemented in 2002 is gradually lowering payments to all farms. However, rowcrop farmers received large disaster payments in 2003 and 2005 for prior year crops. Disaster payments from the 2004 hurricane season were received in 2005.

Government payments have been the difference between profit and loss for most of this period from the farmer's perspective. Without government payments, remaining net farm income would have been negative for most years. Only in 2003 and 2004 was profit from farming greater than direct government payments.

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