

ALABAMA FARM ANALYSIS ASSOCIATION SUMMARY REPORT 2007 (2002-2006 Data)

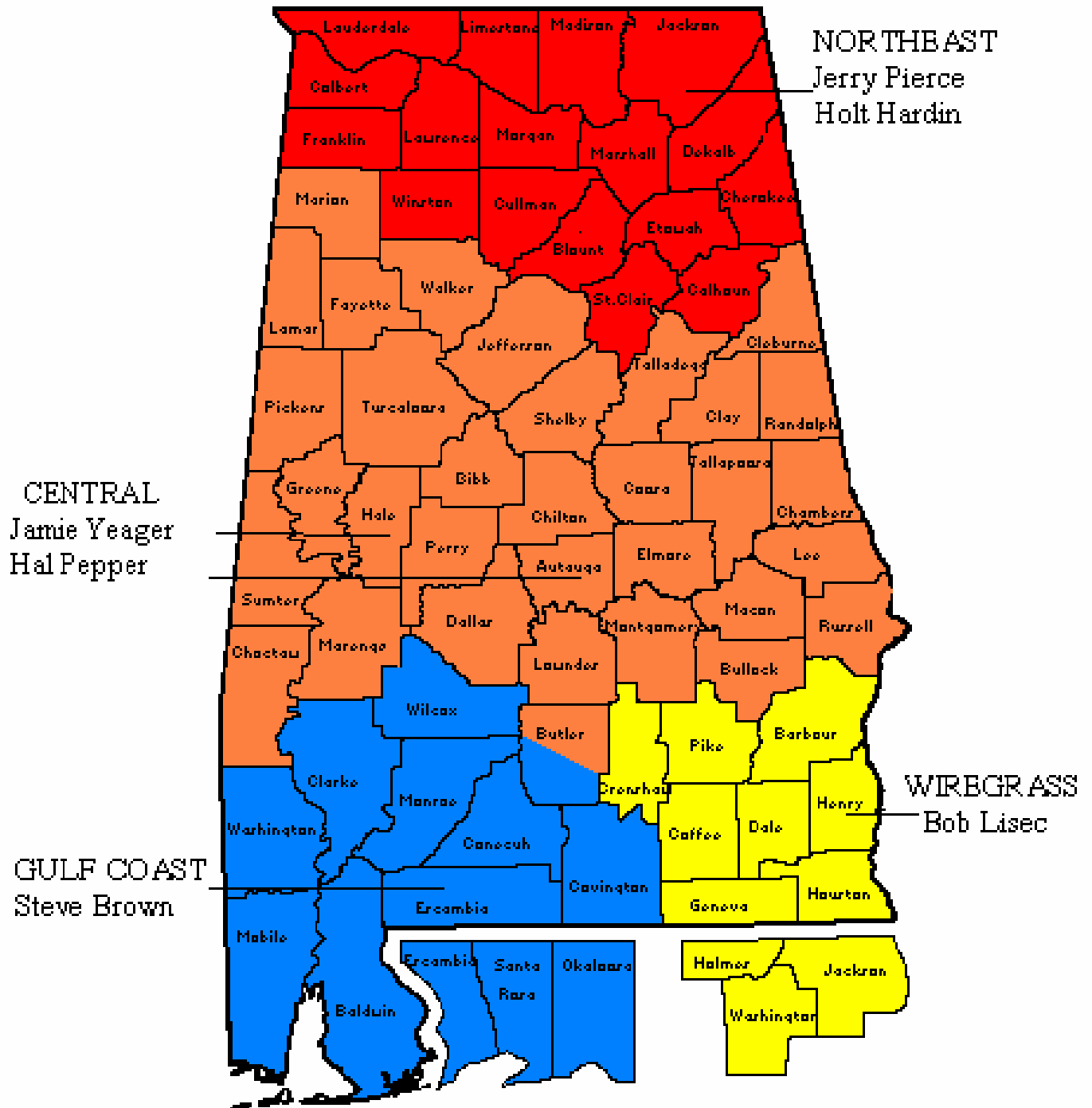


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Alabama Farm Business Management and Financial Analysis Program

The Farm Analysis Program

- Is a cooperative educational service program that assists farmers with improved management decision-making.
- Is available to farmers in all of Alabama's 67 counties, plus 6 counties in the Florida panhandle.
- Provides help in developing business and family records, and offering computer-assisted record processing options (on-farm or mail-in service center).
- Provides financial and production business analysis reports.
- Provides experienced specialist to help interpret analytical reports and offer counsel on management problems and opportunities. As the infrastructure of agriculture changes, the specialist's objectivity is vital.
- Provides assistance with income tax and estate tax planning and management.
- Benefits farmers, lenders, researchers, and public policy makers across the state. The annual Summary Report lists average benchmark data for most major commodities produced in Alabama.
- Provides economic outlook and tax law information as specialists deliver educational materials via meetings, workshops, and news articles.

Better financial management provides improved farm income and greater security for your family. Cooperators receive the following:

1. COMPLETE RECORD OF THE FARM BUSINESS

Each farmer maintains a complete production and financial record of the farm business. Receipts, expenses, inventories, and capital accounts, along with crop and livestock production records, provide information for the analytical reports. At the end of the accounting period, totals are transferred into a computer program that summarizes, analyzes, and prints the reports.

2. DETAILED BUSINESS REPORTS

- INCOME STATEMENT shows farm profitability and the amount of money available for family living and new investments. The income statement answers the question, "How much money did the farm make?"
- SOURCES AND USES REPORT shows how funds were used for operating expenses, capital purchases, family living needs, and taxes. It answers, "Where did all the money go?"
- STATEMENT OF CASH FLOW reveals the sources of cash flow – operating, investing, and financing activities.
- BALANCE SHEET provides a list of assets and liabilities, and measures the net worth of the business.

- **COMPARATIVE ANALYSIS** compares returns and cost structures of the farm and enterprises with similar farms.
- **FINANCIAL TREND ANALYSIS** lists measures of liquidity, solvency, profitability, repayment capacity, and financial efficiency, over the past five years.
- **ENTERPRISE REPORTS** are provided as requested and needed by the cooperator.

3. COUNSEL WITH A SPECIALIST

An experienced farm analysis specialist edits the record information and supervises the preparation of all reports. The specialist meets regularly with each cooperator to help interpret analysis reports and counsel on financial management problems and opportunities. Present cooperators say that the opportunity to discuss management decisions with a specialist who understands their situations and spends time working with commercial farmers is of tremendous value to them. Each cooperator's information remains confidential and is not shared with anyone without permission.

4. NEWSLETTERS AND PUBLICATIONS

Specialists prepare and distribute, in cooperation with the Alabama Cooperative Extension System and the Department of Agricultural Economics and Rural Sociology of Auburn University, newsletters offering timely management tips, latest information on state and federal tax regulations, and useful farm planning information.

5. YEAR-ROUND SUPPORT

JANUARY. The specialist meets with the farmer and checks his or her records to see that they are complete. The records of all cooperators are then summarized. Assistance is provided for accurate completion of required forms, such as 1099s, W2 statements, and other quarterly and annual employer reports.

FEBRUARY - MARCH. Financial reports of the year's business are returned to each cooperator: sources and uses of funds summary, beginning and end-of-year net worth statement, end-of-year balance sheet, business analysis sheet, income statement/profit-loss statement, and farm enterprise reports. Information required to file income tax is also provided: Schedule F worksheet, Detailed Depreciation Schedule, Form 4797 work sheet, and Form 4562 summary.

APRIL - MAY- JUNE. Each cooperator meets individually with the specialist (either in the office or on the farm) to discuss the financial and business analysis reports and to review major management decisions.

JULY - AUGUST - SEPTEMBER. The specialist schedules a visit to each cooperating farm. In addition to editing the record-keeping activities, the visit provides an opportunity to inspect progress and to continue planning for next year's business operation.

OCTOBER - NOVEMBER - DECEMBER. Tax planning assistance is provided. Current management problems and opportunities including tax law changes are also reviewed.

6. LOCAL ASSOCIATION MEMBERSHIP

Alabama has four Farm Analysis Associations, organized as not-for-profit corporations that co-sponsor the program with the Alabama Cooperative Extension System and in cooperation with the Department of Agricultural Economics and Rural Sociology at Auburn University. These local associations are directed by boards of directors that are elected by and from farmers participating in the association's activities. These boards provide input into the activities and policies of each

association and set membership fees for participation. This money is used to pay the direct costs each association incurs and to make annual grants to the Alabama Cooperative Extension System. The grants from the local associations defray a portion of the cost incurred by the Alabama Cooperative Extension System as it delivers this intensive one-on-one program to farmers in the state.

7. STATE ASSOCIATION REPRESENTATION

The Alabama Farm Analysis Association is a separate not-for-profit corporation, made up of representatives from each of the four local associations. The major purpose of the state association is to facilitate communication among the four local associations concerning future needs and directions to be explored.

Why Cooperators Like This Program

About 95 percent of the cooperators in this program maintain their enrollment from year to year. Here are some of the reasons:

"YOU LEARN MORE ABOUT YOUR BUSINESS. The comparative analysis report provides a comprehensive review of your total business. You learn about its strong points and how you can use them to retain profits in your business."

"YOU GAIN CONFIDENCE in making and implementing better financial management decisions."

"YOU ENJOY BETTER LIVING. By studying your analysis reports, you can organize your business with a better chance of attaining your business and family goals."

8. WHAT DOES ALL THIS COST?

The exact cost to an individual farmer depends on the size of the farm, the volume of livestock produced, and the special services requested. Each cooperator is advised to enroll for more than one year to receive the maximum benefits of participation.

FOR MORE INFORMATION:

For further information, contact one of the following Extension specialists, or the county Extension agent that is located nearest your place of business.

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DEFINITION OF TERMS

Tillable Acres - capable of sustained crop production, whether planted to crops or not.

Operator Acres - portion of tillable acres from which the farmer gets production after subtracting the landlord's share. If the landlord receives a one-fifth share on 100 acres, the Operator Acres used is the farmer's portion--80 acres.

Crop Returns - total cash sales of hay, grain, seed, and feed; plus the value of farm-raised seed and pasture used, the value of feed fed to livestock, government program payments received and accrued, and the change in inventory value of crop, feed, and seed; less the value of feed and grain purchased.

Value of Feed Fed - purchased hay, feed, and grain, plus the value of raised crops fed on farm, plus the cash cost of producing pasture grazing.

Pasture Cost - assigned value of grazing consumed by livestock. Prior to 2004, this was assigned a value of \$.22 per day per animal unit. Beginning in 2004, pasture cost was changed to be the cash outlay for fertilizer, seed, and chemicals on pasture consumed by livestock.

Livestock Returns Above Feed - total receipts from sales of market and breeding livestock as well as livestock products; plus change in inventory value of all livestock; less the value of feed fed.

Gross Farm Returns - represents the value of farm production for the year, whether sold, used on farm, or kept in inventory. The cost of feed and livestock purchased is considered cost of goods sold and is subtracted from gross receipts.

Labor Paid - the cost of wages, benefits, and payroll taxes.

Livestock Supplies and Services - cost of veterinary services, animal health, and supplies, such as ear tags, used in livestock production.

Total Non-Feed Cost - total cash and accrued expenses and farm-raised inputs directly attributable to the year's production. Feed and livestock purchases are not included but are deducted from gross receipts.

Return Above Operating Expenses - Gross Farm Returns minus Total Non-Feed Cost. It is net income remaining after the year's accrued and cash expenses are subtracted from the value of the year's total production.

Capital Account Adjustment - capital gain or loss on sale of buildings and equipment.

Net Farm Income - Gross Farm Returns, less Total Non-Feed Cost and Depreciation, plus or minus Capital Account Adjustment. It is Profit for the year from the farm and represents the return to the operator(s) for unpaid labor, management, equity capital, and leasing cost used in the farm.

Labor Unpaid - value placed on labor contributed to the farm without compensation to the farm operator(s) and family. It is the opportunity cost of the operator(s) physical labor -- what could have been earned had they been employed on another farm. See the Value Tables for the rates used for unpaid labor.

Interest on Equity Capital - return assumed to be paid on capital invested in the farm. It is the opportunity cost of the operators' investment -- what could have been earned if the capital had been invested elsewhere. See the Value Tables for rates used to calculate opportunity cost of equity capital.

Total Farm Management Returns - Net Farm Income less Unpaid Labor, Interest on Equity Capital, and Leasing Cost. A measure of Profitability, it represents the part of Net Farm Income that remains as payment to the operator(s) for managing the farm. Net Farm Income (profit) is reduced by the opportunity cost of investment in the farm and physical labor to arrive at the economic reward to the farmer(s) for choices made and decisions implemented in the farming operation.

Operator Share Management Returns - Total Farm Management Returns divided by the number of months of unpaid operator labor and multiplied by 12. It reflects returns to management per operator.

Depreciation - the method of depreciation used was Economic Depreciation. Economic Depreciation is Alternative MACRS Depreciation, where cost of the asset is recovered by the straight-line method. No salvage value is considered, and Section 179 Expensing is not used.

VALUES FOR ON-FARM-PRODUCED FEEDS FED

	2002	2003	2004	2005	2006
Corn (\$/bu)	2.29	2.38	2.47	2.92	2.50
Soybeans (\$/bu)	4.84	6.01	6.61	5.77	5.41
Wheat (\$/bu)	2.88	2.95	3.02	2.92	3.43
Oats (\$/bu)	2.00	2.00	2.00	2.00	2.00
Grain Sorghum (\$/bu)	2.24	2.29	2.36	1.89	2.40
Pasture Charge (\$/day)	.22	.22	*	*	*
Milk Per Gallon (\$/gal)	1.10	1.10	1.10	1.10	1.10

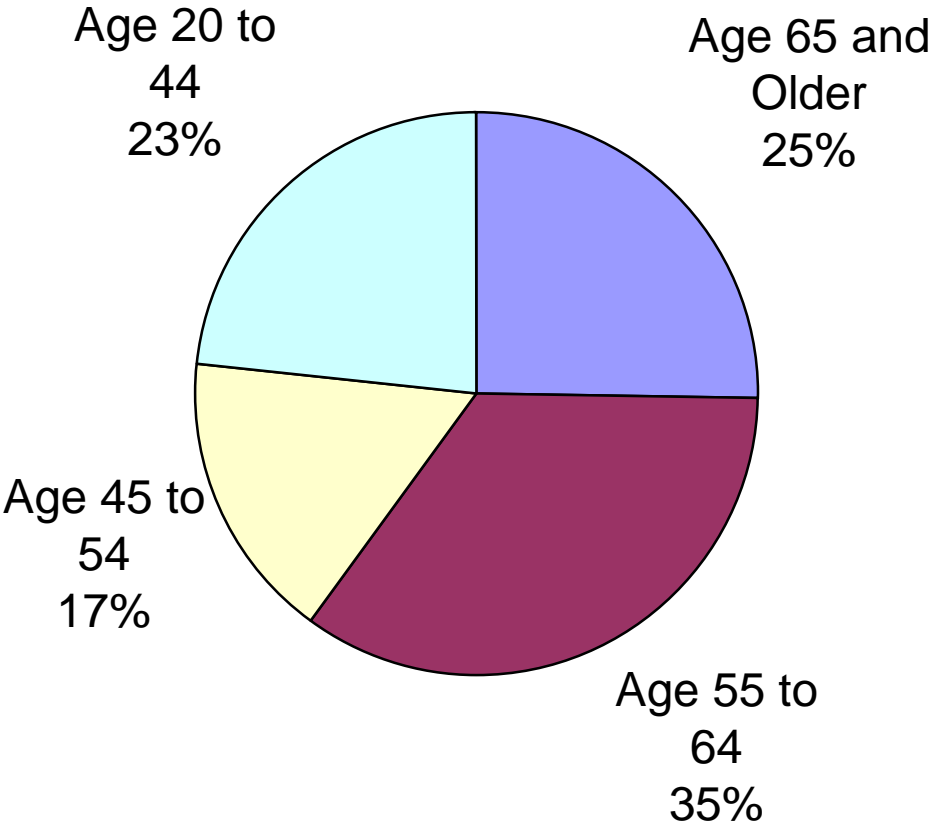
The above table lists default values for crops raised on the farm and fed during the same year. Values of feed crops are the average prices received by Alabama farmers.

*Prior to 2004, pasture charge was assigned a value of \$.22 per day. Beginning in 2004, pasture charge is the actual cost of seed, fertilizer, and chemicals assigned to pasture.

VALUES FOR UNPAID LABOR AND INTEREST RATES

	2002	2003	2004	2005	2006
Unpaid Labor Per Month 208 hours per month	\$1,400	\$1,400	\$1,500	\$1,667	\$1,667
Land Interest	4.00%	4.00%	4.00%	4.00%	4.00%
Non-Land Interest	7.00%	7.00%	7.50%	7.50%	8.00%

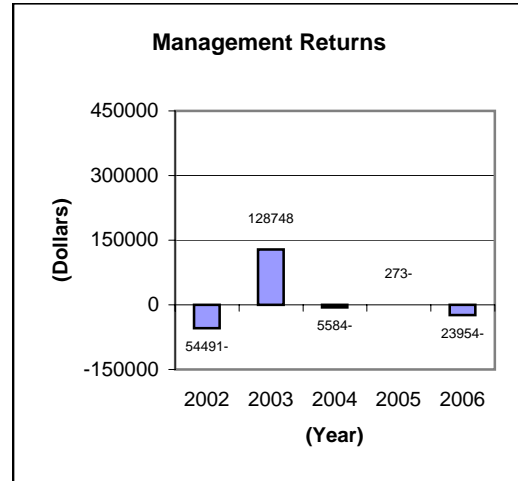
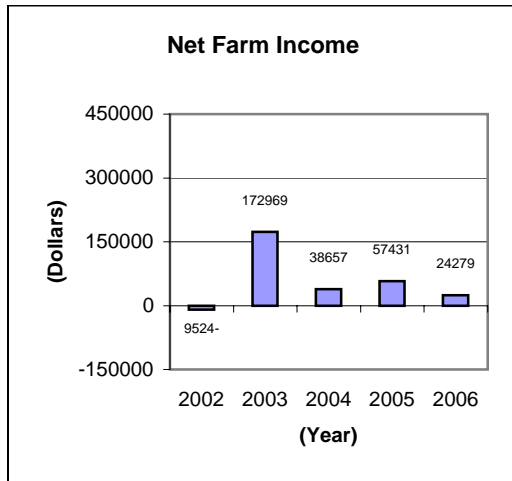
PROFILE OF COOPERATORS BY AGE



The average age of cooperators in Alabama Farm Analysis Associations is 57.
The range is 26 to 91.

CENTRAL ALABAMA COTTON

OPERATOR'S SHARE PER FARM



Cotton yields have suffered because of poor weather conditions in four of the past five years. Rainy weather during harvest in 2002 reduced yields. 2003 was a good year with adequate rainfall at planting and throughout the growing and harvest season. Prospects were good for an excellent crop in 2004 and harvest had just begun when Hurricane Ivan hit the Gulf Coast and proceeded up the Alabama River. The storm reduced yields 30 percent or more. In 2005 the five tropical systems that affected central Alabama brought more destructive wind than rainfall during the growing season. In 2005, the summer long drought reduced yields to just over 400 pounds. Cotton prices fell and Crop Returns dropped to \$328 per acre.

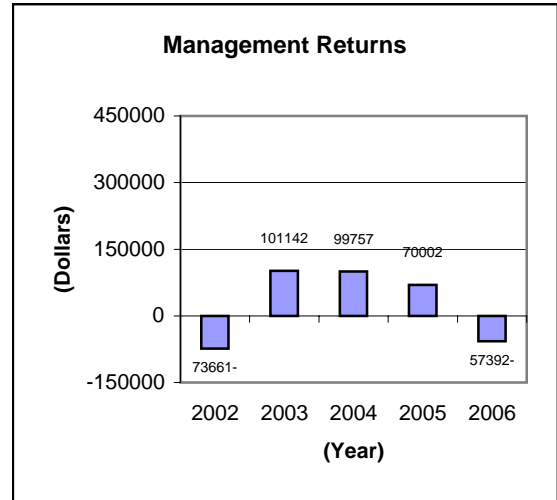
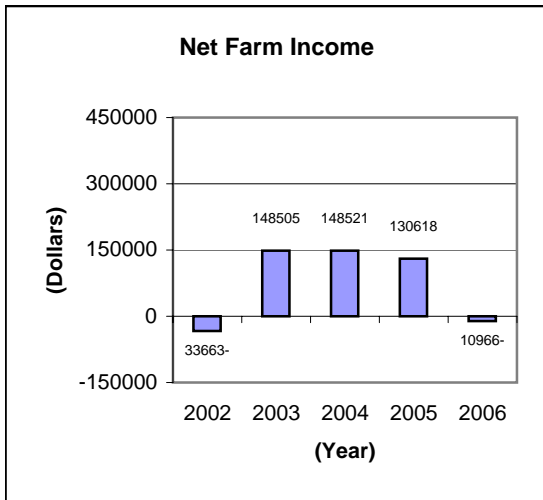
Fuel and oil costs remain high. Net Farm Income was \$16.11 per acre and Management Returns were -\$15.89 per acre. Cotton yields have averaged less than 650 pounds per acre over the past 10 years. If cotton is to remain a viable enterprise for these farms, yields must increase under the current cost and price structure.

CENTRAL ALABAMA COTTON

	2002	2003	2004	2005	2006
Number of Farms	7	9	9	9	6
Average Total Acres	1,476	1,369	1,326	1,643	1,621
Average Tillable Acres	1,262	1,141	1,199	1,507	1,508
Average Operator Acres	1,262	1,141	1,199	1,507	1,508
	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre
Farm Returns					
Crop Returns	279.76	484.10	354.99	420.20	328.00
Livestock Return Above Feed	26.17	26.82	14.06	15.90	5.22
Custom Work	12.74	0.05	11.56	15.76	8.77
Other Farm Receipts	20.47	30.44	12.08	20.25	21.30
Gross Farm Receipts	339.14	541.41	392.69	472.11	363.29
Farm Costs					
Soil Fertility	44.57	59.02	54.77	62.32	51.67
Pesticides	87.18	88.98	81.13	83.46	63.28
Seed	13.08	16.65	18.74	28.79	23.12
Crop Total	144.83	164.65	154.64	174.57	138.07
Utilities	5.67	5.11	4.33	4.67	4.61
Machinery Repairs	28.78	36.78	40.43	42.68	31.49
Machine Hire/Lease	19.64	28.54	34.08	37.93	20.83
Fuel & Oil	12.47	16.30	18.31	29.72	27.11
Auto Farm-Share	0.15	0.18	0.53	1.25	-0.06
Power & Equipment Total	66.71	86.91	97.68	116.25	83.98
Drying	0.00	0.00	0.14	0.04	0.00
Storage	0.11	0.26	0.14	0.00	0.00
Building Repair	4.41	3.55	4.36	2.33	2.10
Building Total	4.52	3.81	4.64	2.37	2.10
Labor Paid	30.39	19.17	17.42	21.08	21.54
Livestock Supplies & Services	10.89	6.68	2.68	0.81	1.69
Interest Paid	17.48	21.30	16.83	19.31	20.14
Insurance	13.26	16.99	17.00	18.13	20.57
Miscellaneous	4.43	4.27	6.15	6.29	4.71
Other Cost Total	76.45	68.41	60.08	65.62	68.65
Taxes	1.05	1.19	0.98	1.14	1.34
Cash Rent	19.36	25.51	23.41	45.27	25.83
Land Total	20.41	26.70	24.39	46.41	27.17
Total Non-Feed Cost	312.92	350.48	341.43	405.22	319.97
Return Above Operating Expenses	26.22	190.93	51.26	66.89	43.32
Machinery Depreciation	31.70	26.43	24.63	28.10	30.45
Building Depreciation	0.59	0.53	0.46	1.20	0.86
Capital Account Adjustment	-1.47	7.70	6.09	0.51	4.10
Leasing Cost	0.00	0.00	0.00	0.00	0.00
Net Farm Income	-7.54	171.67	32.26	38.10	16.11
Labor Unpaid	10.78	15.54	12.03	10.01	8.48
Interest On Equity Capital	24.87	23.21	24.88	28.27	23.52
Total Farm Management Returns	-43.19	132.92	-4.65	-0.18	-15.89
Operator Share Management Returns	-43.19	132.92	-4.65	-0.18	-15.89
Crop Yields					
Corn (bu/acre)	168	92			
Cotton (lb/acre)	494	781	650	681	403
Peanuts (lb/acre)				2476	2290
Wheat (bu/acre)	48				

NORTH ALABAMA COTTON

OPERATOR'S SHARE PER FARM



The North Alabama Cotton sort consists of cotton farms in the northeast corner of Alabama. Farm size and yields are comparable to other regions of the state.

Cotton production increased in this area at the beginning of the century. A good crop in September 2002 deteriorated to poor during continued rains from October through December, and growers statewide abandoned more than double the ten-year average abandoned acreage. The next year saw especially heavy spring rainfall that resulted in prevented plantings in many counties. Surprisingly, the yield from harvested acres nearly rivaled the 1985 state record. 2004 and 2005 resulted in outstanding cotton yields in North Alabama, exceeding 2 bales per acre, in spite of threats from very active hurricane seasons.

Hot, dry conditions reduced cotton yields statewide in 2006, especially in Northeast Alabama. Yields dropped 30% in the region, from 944 pounds of lint per acre in 2005 to 667 pounds. World price for cotton fell, reducing LDPs and cotton prices. Crop Returns fell as a result from \$449.99 to \$347.77 per acre.

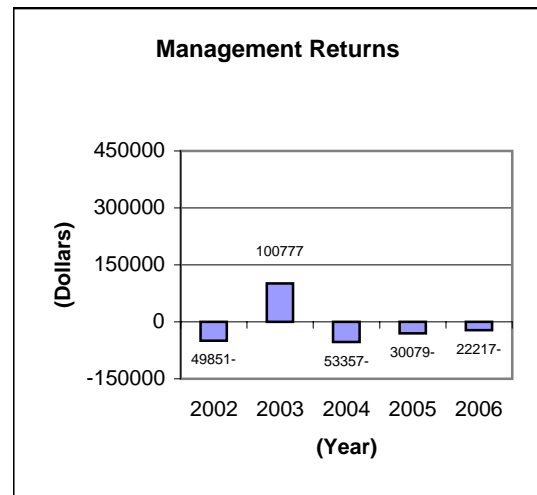
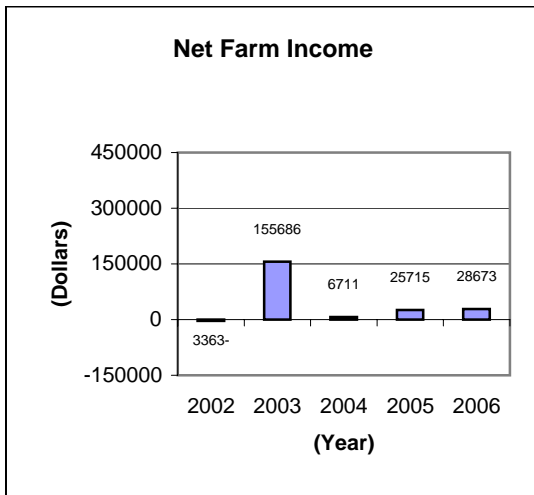
Net Farm Income for 2006 was -\$7.94 per operator acre. Management Returns were -\$9.61 for the year. Compared to 2004, this was a decrease of \$131.56 per acre in Net Farm Income and a decrease of \$92.63 per acre in Management Returns. Net Farm Income averaged \$76,804 per farm and Management Returns averaged \$36,999 for the five-year period.

NORTH ALABAMA COTTON

	2002	2003	2004	2005	2006
Number of Farms	7	7	7	7	6
Average Total Acres	1,681	1,700	1,473	1,804	1,685
Average Tillable Acres	1,390	1,401	1,201	1,490	1,381
Average Operator Acres	1,390	1,401	1,201	1,490	1,381
	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre
Farm returns					
Crop Returns	288.11	391.82	435.05	449.99	347.77
Livestock Return Above Feed	32.69	39.15	42.80	39.32	35.89
Custom Work	2.96	5.10	6.26	1.01	0.25
Other Farm Receipts	9.06	1.73	5.44	7.33	5.25
Gross Farm Returns	332.82	437.80	489.55	497.65	389.16
Farm Costs					
Soil Fertility	38.69	39.83	47.34	63.26	44.26
Pesticides	62.54	61.37	51.28	64.95	62.59
Seed	49.54	35.54	34.09	40.83	36.29
Crop Total	150.77	136.74	132.71	169.04	143.14
Utilities	8.37	8.56	10.39	7.77	9.76
Machinery Repairs	27.57	28.60	35.09	40.00	37.36
Machine Hire/Lease	27.89	22.51	41.95	29.68	36.29
Fuel & Oil	10.78	11.09	12.41	16.77	18.51
Auto-Farm Share	1.68	0.37	1.76	1.72	0.72
Power & Equipment Total	76.29	71.13	101.60	95.94	102.64
Drying	2.95	0.00	0.00	1.12	3.65
Storage	0.00	0.42	0.59	0.00	2.36
Building Repair	3.08	1.60	5.53	2.40	0.95
Building Total	6.03	2.02	6.12	3.52	6.96
Labor Paid	27.84	29.22	26.73	29.40	29.71
Livestock Supplies & Services	1.82	2.31	4.22	7.47	10.38
Interest Paid	16.41	12.86	16.13	18.36	28.07
Insurance	12.41	12.73	13.65	11.74	14.01
Miscellaneous	3.23	3.76	3.04	2.69	2.75
Other Cost Total	61.71	60.88	63.77	69.66	84.92
Taxes	1.33	1.57	1.30	1.98	1.72
Cash Rent	29.01	28.08	27.78	37.81	21.95
Land Total	30.34	29.65	29.08	39.79	23.67
Total Non-Feed Cost	325.14	300.42	333.28	377.95	361.33
Return Above Operating Expenses	7.68	137.38	156.27	119.70	27.83
Machinery Depreciation	29.31	31.11	33.77	31.68	31.62
Building Depreciation	3.51	2.98	3.37	3.14	3.42
Capital Account Adjustment	0.92	3.46	4.49	2.92	-0.74
Leasing Cost	0.00	0.00	0.00	0.13	0.00
Net Farm Income	-24.22	106.75	123.62	87.67	-7.95
Labor Unpaid	13.18	13.05	18.61	17.40	21.77
Interest on Equity Capital	15.58	20.76	21.99	23.28	11.85
Total Farm Management Returns	-52.98	72.94	83.02	46.99	-41.57
Operator Share Management Returns	-52.98	72.94	83.02	46.99	-41.57
Crop Yields					
Corn (bu/acre)	110		124	131	73
Cotton (lb/acre)	832	917	1009	944	667
Double Crop Soybeans (bu/acre)	23				
Soybeans (bu/acre)	20	29			
Wheat (bu/acre)	49				

SOUTHEAST ALABAMA PEANUT/COTTON

OPERATOR'S SHARE PER FARM



The Southeast Alabama Peanut/Cotton data reflect the typical row crop planting in the Wiregrass area of southeast Alabama and north Florida. The majority of crop land is dryland utilizing twin row peanuts for disease control and conservation tillage when possible to cut costs. Most farm operators also have a cow-calf enterprise.

It was generally dry during the 2006 growing season and yields were lower for peanuts and cotton. Timely rains before harvest allowed the operators to average 2,394 pounds of peanuts and 561 pounds of cotton per acre.

The dry conditions during the growing season were helped some by continued high cattle prices, but Gross Farm Returns still dropped to \$491.66 per acre. Producers are doing their best to adjust to the up and down of input prices; Total Non-Feed Costs dropped to \$408.77. Despite the lower yields, Return Above Operating Expenses was only slightly lower than in 2005.

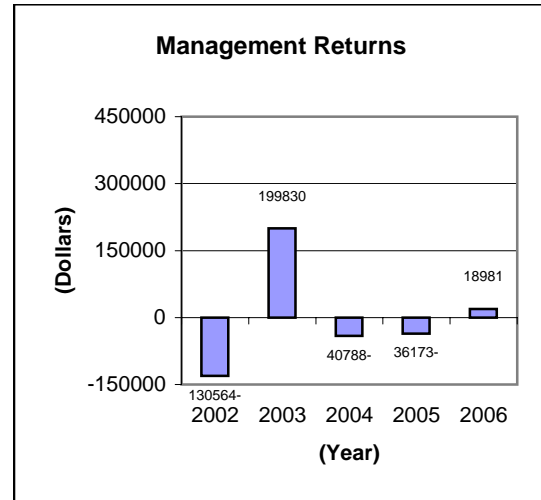
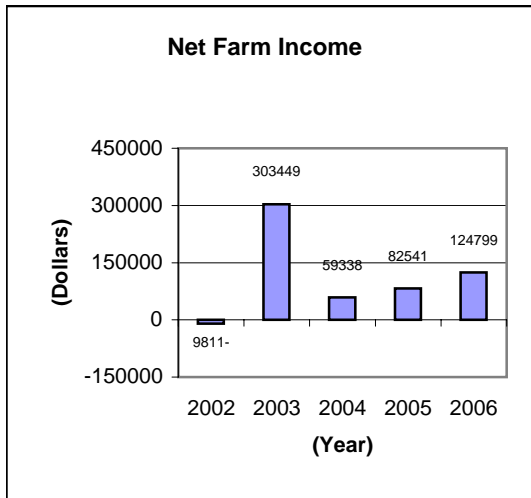
The 2007 Farm Bill will have a big impact on peanut production in the Wiregrass. Many long-time producers are looking hard to assess the profitability of continuing to grow peanuts.

SOUTHEAST ALABAMA PEANUT/COTTON

	2002	2003	2004	2005	2006
Number of Farms	16	15	17	13	12
Average Total Acres	1,326	1,298	1,318	1,376	1,328
Average Tillable Acres	1,033	1,024	1,022	988	1,023
Average Operator Acres	1,033	1,024	1,022	988	1,023
	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre
Farm Returns					
Crop Returns	294.33	343.95	358.85	452.43	410.70
Livestock Return Above Feed	8.91	55.07	40.02	38.44	21.28
Custom Work	5.64	4.26	7.30	15.68	4.04
Other Farm Receipts	12.72	141.66	35.93	72.77	55.64
Gross Farm Returns	321.60	544.94	442.10	579.32	491.66
Farm Costs					
Soil Fertility	32.76	56.07	51.96	71.12	55.83
Pesticides	35.76	63.53	71.74	92.75	57.07
Seed	35.39	33.10	29.77	41.39	37.98
Crop Total	103.91	152.70	153.47	205.26	150.88
Utilities	5.76	5.90	6.60	7.81	7.65
Machinery Repairs	29.78	39.41	40.56	46.93	34.75
Machine Hire/Lease	14.99	16.41	17.49	20.90	18.52
Fuel & Oil	14.72	18.89	20.74	34.11	36.96
Auto-Farm Share	0.31	7.23	6.35	2.60	3.59
Power & Equipment Total	65.56	87.84	91.74	112.35	101.47
Drying	2.01	2.16	2.56	3.01	4.31
Storage	0.00	0.00	0.03	0.00	1.32
Building Repair	0.72	2.02	0.60	1.77	0.10
Building Total	2.73	4.18	3.19	4.78	5.73
Labor Paid	34.93	33.93	38.28	46.14	44.51
Livestock Supplies & Services	9.63	7.43	5.05	9.35	5.16
Interest Paid	18.01	18.78	17.39	32.55	35.47
Insurance	16.18	19.61	21.42	24.00	25.36
Miscellaneous	1.04	6.31	3.41	6.25	3.55
Other Cost Total	79.79	86.06	85.55	118.29	114.05
Taxes	1.47	1.40	1.66	2.00	2.06
Cash Rent	39.31	36.24	38.18	50.32	34.58
Land Total	40.78	37.64	39.84	52.32	36.64
Total Non-Feed Cost	292.77	368.42	373.79	493.00	408.77
Return Above Operating Expenses	28.83	176.52	68.31	86.32	82.89
Machinery Depreciation	38.34	35.10	66.29	67.77	56.66
Building Depreciation	1.60	2.17	1.41	1.12	0.83
Capital Account Adjustment	7.86	17.42	5.98	8.61	2.65
Leasing Cost	0.00	0.00	0.00	0.00	0.00
Net Farm Income	-3.25	156.67	6.59	26.04	28.05
Labor Unpaid	20.16	20.77	20.81	24.40	21.60
Interest on Equity Capital	24.85	32.83	37.98	32.08	28.17
Total Farm Management Returns	-48.26	103.07	-52.20	-30.44	-21.72
Operator Share Management Returns	-48.26	103.07	-52.20	-30.44	-21.72
Crop Yields					
Corn (bu/acre)	90	120			
Cotton (lb/acre)	473	587	610	708	561
Peanuts (lb/acre)	1,819	2,640	2,708	3,079	2,394
Soybeans (bu/acre)					
Wheat (bu/acre)	36	32		47	47

SOUTHWEST ALABAMA PEANUT/COTTON

OPERATOR'S SHARE PER FARM



The Southwest Alabama Peanut/Cotton sort is comprised of farms whose major source of revenue comes from peanut and cotton production. Peanuts tend to be the more profitable crop year in and year out. However, exceptions have occurred in two of the last four years. In 2002, excess rainfall at harvest prevented the harvest of both peanuts and cotton. In 2005 the Tomato Spotted Wilt Virus attacked peanuts and reduced yields drastically. Hurricanes Dennis and Katrina reduced cotton yields to some degree but not like that experienced from Hurricane Ivan in 2004. For a more detailed view of the profitability of peanuts and cotton in southwest Alabama, refer to the Peanut Enterprise Analysis and Cotton Enterprise Analysis.

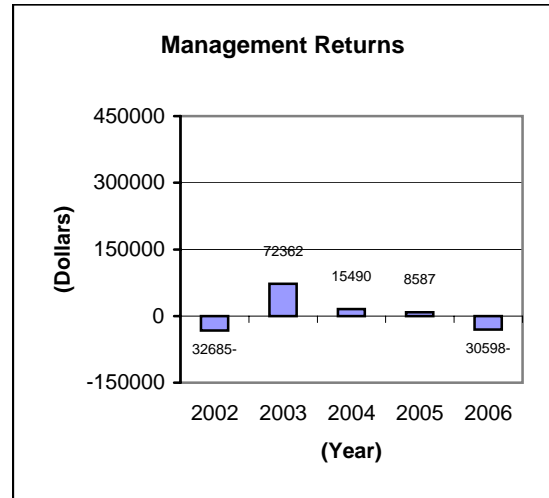
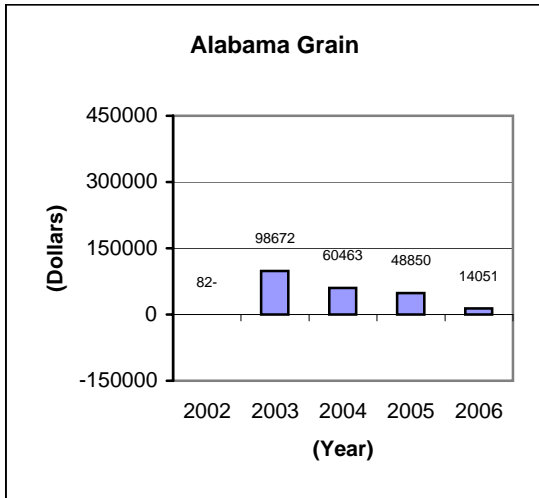
In 2006, Return above Operating Expenses was \$109.24 per acre, Net Farm Income was \$53.32 per acre, and Management Returns were \$8.11 per acre.

SOUTHWEST ALABAMA PEANUT/COTTON

	2002	2003	2004	2005	2006
Number of Farms	8	12	15	14	13
Average Total Acres	2,879	2,581	2,332	2,533	2,893
Average Tillable Acres	2,425	2,182	1,926	2,073	2,341
Average Operator Acres	2,425	2,182	1,926	2,073	2,341
	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre
Farm Returns					
Crop Returns	497.18	668.22	553.92	580.35	531.94
Livestock Supplies & Services	5.40	7.28	12.66	12.85	5.64
Custom Work	10.10	16.82	26.39	31.06	24.92
Other Farm Receipts	21.12	48.11	30.84	34.31	21.01
Gross Farm Returns	533.80	740.43	623.81	658.57	583.51
Farm Costs					
Soil Fertility	54.01	49.82	60.31	69.27	49.32
Pesticides	150.25	148.48	148.60	136.08	120.10
Seed	34.26	41.01	40.03	54.36	33.43
Crop Total	238.52	239.31	248.94	259.71	202.85
Utilities	4.18	4.47	4.84	5.18	4.43
Machinery Repairs	32.66	36.55	45.75	52.28	37.81
Machine Hire/Lease	18.98	25.98	36.00	22.59	30.13
Fuel & Oil	13.73	13.82	20.17	26.54	25.58
Auto-Farm Share	0.00	0.00	0.00	0.00	0.00
Power & Equipment Total	69.55	80.82	106.76	106.59	97.95
Drying	6.35	2.78	1.16	3.68	4.57
Storage	0.00	0.00	0.00	0.00	0.00
Building Repair	0.95	0.08	0.12	0.57	0.99
Building Total	7.30	2.86	1.28	4.25	5.56
Labor Paid	60.33	51.54	55.64	51.62	40.01
Livestock Supplies & Services	2.23	2.08	0.86	4.22	2.37
Interest Paid	20.85	27.18	34.09	35.57	45.73
Insurance	21.70	24.97	25.33	26.52	22.64
Miscellaneous	20.13	5.80	4.39	6.85	6.49
Other Cost Total	125.24	111.57	120.31	124.78	117.24
Taxes	0.76	1.32	1.55	1.46	1.51
Cash Rent	45.93	74.55	52.09	58.96	49.16
Land Total	46.69	75.87	53.64	60.42	50.67
Total Non-Feed Cost	487.30	510.43	530.93	555.75	474.27
Return Above Operating Expenses	46.50	230.00	92.88	102.82	109.24
Machinery Depreciation	50.50	51.60	67.08	70.44	57.53
Building Depreciation	0.86	0.96	0.88	0.94	0.75
Capital Account Adjustment	0.81	0.19	5.89	8.40	2.36
Leasing Cost	0.00	0.44	0.00	0.00	0.00
Net Farm Income	-4.05	177.19	30.81	39.84	53.32
Labor Unpaid	9.09	6.31	8.02	12.41	11.83
Interest On Equity Capital	40.71	41.17	43.97	44.87	33.38
Total Farm Management Returns	-53.85	129.71	-21.18	-17.44	8.11
Operator Share Management Returns	-53.85	129.71	-21.18	-17.44	8.11
Crop Yields					
Corn (bu/acre)	110	96			
Cotton (lb/acre)	508	819	650	757	863
Peanuts (lb/acre)	2,740	3,638	3,443	2,890	3,369
Soybeans (bu/acre)					
Wheat (bu/acre)					

ALABAMA GRAIN

OPERATOR'S SHARE PER FARM



The Alabama Grain sort reflects the performance of producers primarily growing corn and soybeans for cash sale rather than feeding these crops to livestock. There has been a downward trend in Net Farm Income since the record yields and prices for corn and soybeans in 2003. The only year during the five-year period that Alabama Grain farmers had a negative Net Farm Income was 2002.

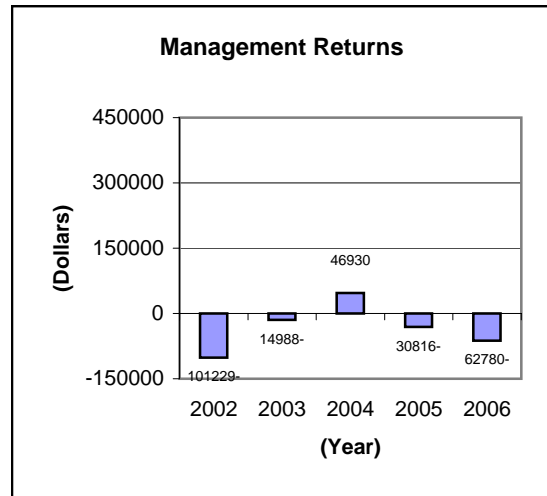
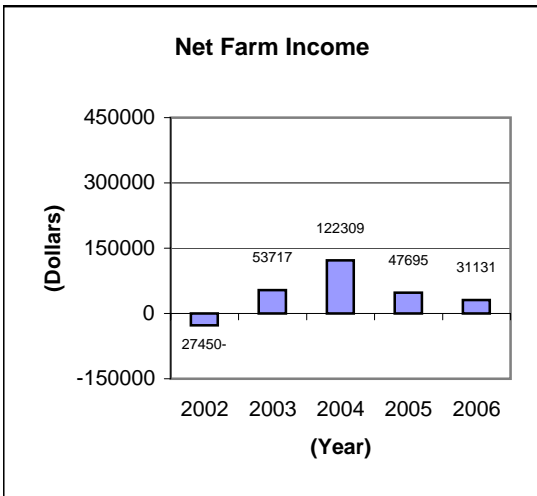
A dry summer and unusually wet fall in 2002 drove down soybean and corn yields. Good growing conditions in 2003 enabled farmers to again produce record yields of corn and soybeans, and they also received record prices. Government payments decreased to less than half of the previous two years. In 2004, even with the effects of four hurricanes, Alabama posted a record corn yield of 127 bushels per acre. Soybean production of 32 bushels per acre lacked just one bushel per acre tying the previous record year. In 2005 after the effects of two hurricanes, corn yielded 112 bushels--just 15 bushels less than the previous record yield. Soybeans yielded 27 bushels--just 6 bushels below the record set in 2003. In 2006, crop yields were reduced because of prolonged drought and hot weather. Corn yielded 64 bushels, approximately half of the two previous years. Soybean yields were reduced 20 percent of the previous two years, to 24 bushels.

In 2006, Net Farm Income was \$12.76 per acre, the lowest since 2002, and the five year average is \$40.56 per acre. Management returns were -\$27.78 per acre and the five year average is \$6.05 per acre.

ALABAMA GRAIN

	2002	2003	2004	2005	2006
Number of Farms	7	6	6	5	7
Average Total Acres	1,022	1,122	1,397	1,291	1,140
Average Tillable Acres	861	1,043	1,325	1,152	1,101
Average Operator Acres	861	1,033	1,325	1,152	1,101
	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre
Farm Returns					
Crop Returns	199.40	274.66	277.48	297.52	316.92
Livestock Return Above Feed	-0.82	24.25	14.12	14.77	1.44
Custom Work	3.74	0.76	1.50	1.57	4.24
Other Farm Receipts	8.45	13.78	8.30	15.21	18.84
Gross Farm Returns	210.77	313.45	301.40	329.07	341.44
Farm Costs					
Soil Fertility	25.95	41.51	50.24	66.90	67.77
Pesticides	18.28	18.53	22.45	14.59	37.09
Seed	21.42	20.81	23.28	27.34	21.56
Crop Total	65.65	80.85	95.97	108.83	126.42
Utilities	3.32	2.66	2.74	3.18	4.26
Machinery Repairs	21.96	16.36	21.68	19.05	27.91
Machine Hire/Lease	4.13	5.67	4.88	3.13	7.79
Fuel & Oil	7.59	8.23	11.05	16.42	18.62
Auto-Farm Share	0.97	0.46	0.59	0.10	0.00
Power & Equipment Total	37.97	33.38	40.94	41.88	58.58
Drying	3.24	1.92	2.65	1.52	0.35
Storage	0.46	0.35	0.00	0.00	0.00
Building Repair	1.77	0.83	0.68	1.44	1.31
Building Total	5.47	3.10	3.33	2.96	1.66
Labor Paid	22.81	13.77	26.46	24.29	30.49
Lvstk Supplies & Services	5.07	9.40	4.37	3.36	1.75
Interest Paid	13.11	13.20	9.39	20.22	16.05
Insurance	10.43	11.73	13.49	11.52	9.94
Miscellaneous	2.65	2.20	2.66	3.03	4.15
Other Cost Total	54.07	50.30	56.37	62.42	62.38
Taxes	1.01	0.65	0.52	0.71	0.52
Cash Rent	24.88	27.22	31.33	29.91	34.70
Land Total	25.89	27.87	31.85	30.62	35.22
Total Non-Feed Cost	189.05	195.50	228.46	246.71	284.26
Return Above Operating Expenses	21.72	117.95	72.94	82.36	57.18
Machinery Depreciation	26.52	19.22	27.16	39.37	48.72
Building Depreciation	0.39	0.61	1.59	1.67	2.52
Capital Account Adjustment	5.07	-0.23	1.46	1.06	6.82
Leasing Cost	0.00	2.37	0.00	0.00	0.00
Net Farm Income	-0.12	95.52	45.65	42.38	12.76
Labor Unpaid	17.50	15.01	10.04	16.08	9.36
Interest on Equity Capital	20.39	10.46	23.91	18.85	31.18
Total Farm Management Returns	-38.01	70.05	11.70	7.45	-27.78
Operator Share Management Returns	-38.01	70.05	11.70	7.45	-27.78
Crop Yields					
Corn (bu/acre)	85	109	131	112	62
Double Crop Soybeans (bu/acre)	23	40	33		
Soybeans (bu/acre)	19	34	37	27	30
Wheat (bu/acre)	37	28	54		48

ALABAMA DAIRY OPERATOR'S SHARE PER FARM



Increasing operator age, consolidations in the milk industry and lack of available labor continue to contribute to the decline in the number of Alabama dairy farms. There are currently fewer than 80 dairies with a total of 14,000 cows in Alabama. The dairies remaining in business are generally characterized by low debt loads, adequate labor, and efficient production.

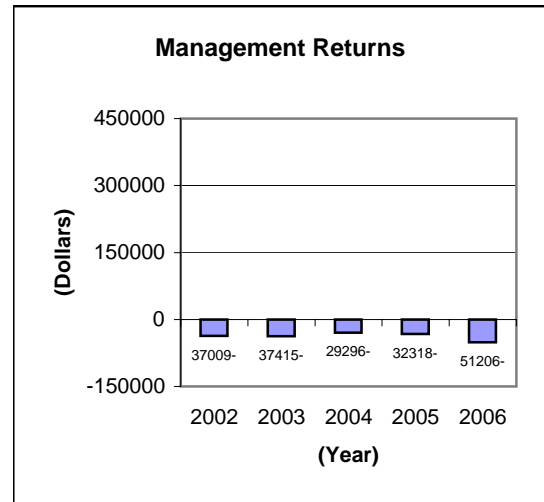
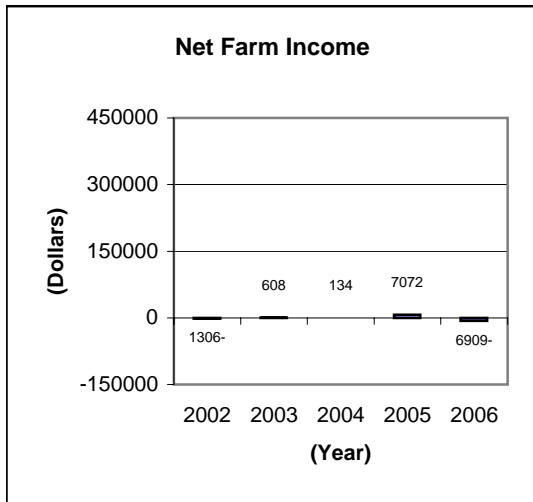
In 2004 dairy farmers experienced higher milk prices than in 2003 and they increased production, which contributed to the highest Net Farm Income in five years. While milk prices remained firm for 2005 and 2006, production declined while expenses rose. Most notable increases in 2005 were Labor Paid and Livestock Supplies. In 2006, significant increases occurred in Crop Expenses, Fuel, and Machine Hire (hauling).

Net Farm Income dropped to \$164.98 per cow, and Management Returns fell to -\$338.77. Net Farm Income averaged \$251 per cow over the five year period and Management Returns averaged -\$183. Positive Management Returns are essential to the long-term viability of farm operations.

ALABAMA DAIRY

	2002	2003	2004	2005	2006
Number of Farms	12	10	9	9	8
Average Total Acres	953	1,006	1,147	999	1,179
Average Tillable Acres	611	602	678	649	767
Average Operator Acres	611	590	678	649	767
Average Number Cows	172	187	179	175	186
	Per Head	Per Head	Per Head	Per Head	Per Head
Farm Returns					
Crop Returns	385.64	365.78	419.51	520.65	402.22
Livestock Return Above Feed	1,466.34	1,536.34	2,220.68	2,001.62	1,973.42
Custom Work	2.46	18.76	0.33	6.20	0.76
Other Farm Receipts	194.07	104.88	74.66	77.95	298.94
Gross Farm Returns	2,048.51	2,025.76	2,715.18	2,606.42	2,675.35
Farm Costs					
Soil Fertility	101.38	126.80	117.29	128.90	135.38
Pesticides	61.65	29.46	26.84	39.34	36.99
Seed	46.94	72.08	74.30	64.72	149.60
Crop Total	209.97	228.34	218.43	232.96	321.96
Utilities	120.20	112.81	117.64	134.33	167.69
Machinery Repairs	166.22	141.58	173.43	196.77	168.33
Machine Hire/Lease	180.00	124.79	129.41	129.49	164.42
Fuel & Oil	68.87	62.96	88.33	119.29	143.55
Auto-Farm Share	0.68	11.16	36.69	0.00	18.23
Power & Equipment Total	535.97	453.30	545.50	579.88	662.23
Drying	0.00	0.00	0.00	0.00	5.59
Storage	0.00	0.00	0.00	0.00	0.00
Building Repair	47.42	14.37	64.04	31.72	39.47
Building Total	47.42	14.37	64.04	31.72	45.06
Labor Paid	537.14	375.67	406.20	438.43	444.69
Livestock Supplies & Services	243.52	155.45	157.82	263.12	304.72
Interest Paid	133.54	132.02	161.81	210.58	191.17
Insurance	55.19	41.34	54.98	55.55	72.10
Miscellaneous	14.88	24.63	23.73	34.97	27.26
Other Cost Total	984.27	729.11	804.54	1,002.65	1,039.93
Taxes	18.09	10.74	16.04	15.24	17.24
Cash Rent	82.20	63.43	51.99	49.46	50.29
Land Total	100.29	74.17	68.03	64.70	67.53
Total Non-Feed Cost	1,877.92	1,499.29	1,700.54	1,911.91	2,136.72
Return Above Operating Expenses	170.59	526.47	1,014.64	694.51	538.63
Machinery Depreciation	236.57	175.67	219.50	289.34	311.47
Building Depreciation	96.56	99.14	104.80	98.92	67.63
Capital Account Adjustment	3.25	43.27	-0.68	11.25	5.44
Leasing Cost	0.00	1.78	7.47	45.27	0.00
Net Farm Income	-159.29	293.15	682.19	272.23	164.98
Labor Unpaid	108.52	120.35	128.28	175.46	137.48
Interest On Equity Capital	319.60	247.64	292.15	272.66	366.26
Total Farm Management Returns	-587.41	-74.84	261.76	-175.89	-338.77
Operator Share Management Returns	-587.41	-74.84	261.76	-175.89	-338.77
Crop Yields					
Corn (bu/acre)	87	76			52
DC Soybeans (bu/acre)					
Hay (tons/acre)	1	1	4	0	3
Silage (tons/acre)	11	12			10
Small Grain Silage (tons/acre)	10				
Soybeans (bu/acre)	15	34			22

ALABAMA COW-CALF OPERATOR'S SHARE PER FARM



The Alabama Cow-Calf sort is made up of farms whose main enterprise is a beef brood herd. Net Farm Income was -\$6,909 per farm in 2006; it has been negative or barely positive every year since 1999 except for 2005. Many producers must supplement their cash flow with off-farm income. Management Returns have consistently been negative because of the large capital investment associated with the cow-calf business.

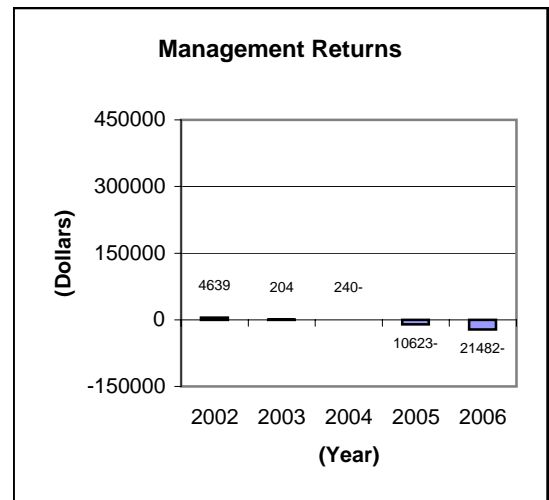
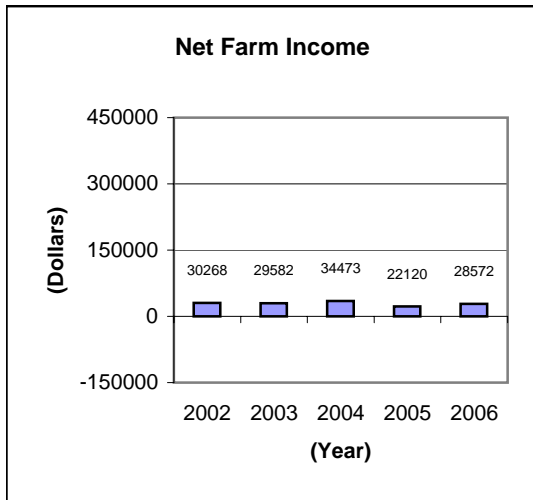
In 2006 producers received \$107.97 per cwt. for their market calves, which was an increase of \$.93 per cwt. from 2005. Sustained high beef prices enabled these farms to generate Livestock Returns Above Feed of \$285 per cow, but Net Farm Income dropped from \$48 to -\$48 per cow. Fertilizer costs increased \$22 per cow and drought conditions reduced hay and grass yields. Fuel costs increased \$18 per cow and property taxes increased over \$3 per head. Cash rent increased \$4 per head as property taxes were capitalized into rental rates. Depreciation increased nearly \$35 per cow because of recent replacement/upgrading of equipment and buildings.

ALABAMA COW-CALF

	2002	2003	2004	2005	2006
Number of Farms	21	22	20	22	25
Average Total Acres	992	926	762	719	746
Average Tillable Acres	420	438	538	565	557
Average Crop Acres	420	438	538	565	557
Average Number Cows	131	145	133	148	138
	Per Head	Per Head	Per Head	Per Head	Per Head
Farm Returns					
Crop Returns	287.53	217.04	237.03	249.05	258.81
Livestock Return Above Feed	153.95	210.92	225.10	269.01	284.63
Custom Work	97.97	89.30	40.38	75.93	102.87
Other Farm Receipts	64.98	77.79	49.63	42.51	47.47
Gross Farm Returns	604.43	595.05	552.14	636.50	693.78
Farm Costs					
Soil Fertility	82.77	75.74	89.32	88.25	110.36
Pesticides	13.18	10.33	7.19	10.94	14.04
Seed	15.27	19.43	16.49	19.13	31.58
Crop Total	111.22	105.50	113.00	118.32	155.98
Utilities	22.68	20.51	19.07	20.58	27.89
Machinery Repairs	77.04	80.95	70.93	67.57	81.32
Machine Hire/Lease	50.84	55.34	40.81	48.56	36.63
Fuel & Oil	33.89	37.05	39.55	55.37	73.41
Auto-Farm Share	2.71	7.44	5.86	1.85	8.86
Power & Equipment Total	187.16	201.29	176.22	193.93	228.11
Drying	0.67	1.25	0.45	1.06	2.48
Storage	0.00	0.00	0.00	0.00	0.00
Building Repair	22.01	12.92	23.19	14.09	14.69
Building Total	22.68	14.17	23.64	15.15	17.17
Labor Paid	72.26	54.77	39.88	54.33	60.46
Livestock Supplies & Service	26.94	37.05	25.60	41.63	40.82
Interest Paid	60.89	32.32	32.58	32.28	44.29
Insurance	30.25	23.03	22.72	24.51	29.88
Miscellaneous	18.33	17.53	16.78	14.73	19.51
Other Cost Total	208.67	164.70	137.56	167.48	194.97
Taxes	11.01	10.81	8.40	7.31	10.61
Cash Rent	27.49	30.52	38.86	35.49	39.60
Land Total	38.50	41.33	47.26	42.80	50.21
Total Non-Feed Cost	568.23	526.99	497.68	537.68	646.44
Return Above Operating Expenses	36.20	68.06	54.46	98.82	47.33
Machinery Depreciation	94.32	58.35	63.21	80.66	112.77
Building Depreciation	11.67	7.08	7.41	12.54	14.97
Capital Account Adjustment	59.81	1.58	17.16	42.15	32.66
Leasing Cost	0.00	0.00	0.00	0.00	0.09
Net Farm Income	-9.98	4.21	1.00	47.77	-47.83
Labor Unpaid	125.63	112.09	121.95	117.59	128.03
Interest on Equity Capital	147.21	150.96	137.46	148.47	193.06
Total Farm Management Returns	-282.82	-258.84	-258.41	-218.29	-368.92
Operator Share Management Returns	-282.82	-258.84	-258.41	-218.29	-368.92
Crop Yields					
Corn (bu/acre)	16				
Hay (tons/acre)	1	1	2	1	1
Silage (tons/acre)					
Soybeans (bu/acre)	5				

ALABAMA POULTRY

OPERATOR'S SHARE NET FARM INCOME



Alabama broiler production ranks third in the nation. The farms represented in the Alabama Poultry sort are primarily broiler operations with some beef cattle to make use of the litter. Most receive some income from custom work.

Utilities, which include electricity and heating fuel, make up the biggest component of broiler production expenses. They comprised 28% of Total Non-Feed Costs in 2006. Utility costs have increased 77% since 2002. Interest and Livestock Supplies & Services expenses (which includes medication and shavings) are the second and third largest components of production expenses. Interest expense fell in 2006. Livestock Supplies & Services expense has increased by 25% since 2002. Repairs are 10% of Total Non-Feed Costs. Note that the emerging trend is a greater reliance on the contracting of day-to-day operation and management.

Average Net Farm Income rose to \$277.88 per 1000 sq. ft. in 2006. For a typical 40 by 500 ft. broiler house, this translates to Net Farm Income of \$5,558 per house, compared to \$4,708 per house in 2005. Management Returns fell dramatically to -\$208.93 per 1000 sq. ft.

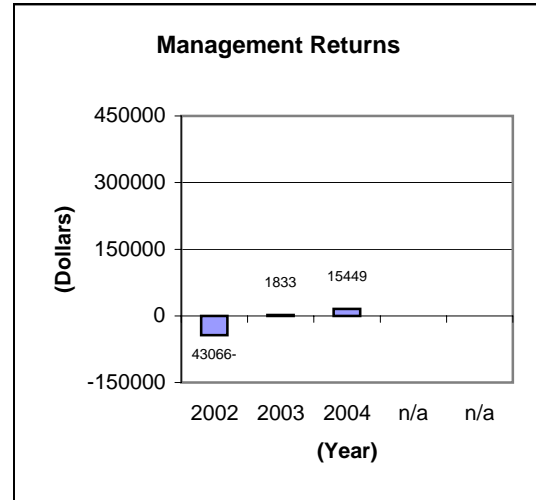
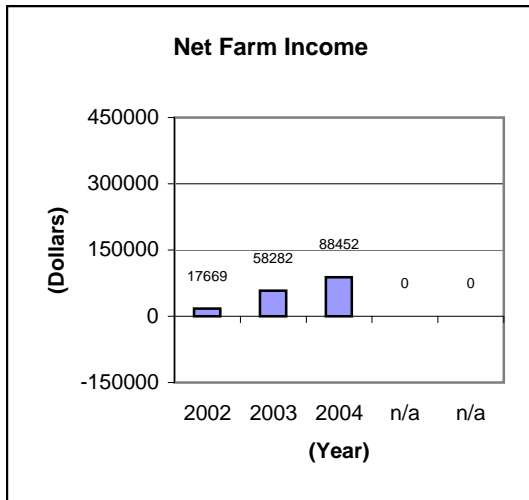
The gap between Management Returns and Net Farm Income has been increasing since 2001. The difference was about \$204 per 1000 sq. ft. in 2001. It was \$487 in 2006. Management Returns measure the grower's reward above the opportunity cost of his investment and the value of his labor. Opportunity cost of investment is measured by Interest on Equity Capital. Actual interest paid is deducted from Interest on Equity Capital and is charged against Net Farm Income. The remaining cost of investment is charged against Management Returns. As interest paid goes down, Net Farm Income increases. At the same time, Interest on Equity Capital (the remainder) goes up and Management Returns decrease.

ALABAMA POULTRY

	2002	2003	2004	2005	2006
Number of Farms	17	19	18	20	17
Average Total Acres	496	367	426	483	486
Average Tillable Acres	241	203	238	289	358
Average Operator Acres	241	203	238	289	358
Poultry House Capacity (Sq. Ft.)	100,781	92,541	105,404	93,966	102,820
	Per 1,000 Sq. Ft.	Per 1,000 Sq. Ft.	Per 1,000 Sq. Ft.	Per 1,000 Sq. Ft.	Per 1,000 Sq. Ft.
Farm Returns					
Crop Returns	187.51	183.63	117.96	196.01	193.72
Livestock Return Above Feed	1,704.75	2,099.46	2,224.52	2,052.99	2,501.53
Custom Work	91.47	27.44	92.86	20.89	37.12
Other Farm Receipts	59.74	71.56	122.96	138.99	42.06
Gross Farm Returns	2,043.47	2,382.09	2,558.30	2,408.88	2,774.43
Farm Costs					
Crop Total (Seed, Chem, Fert.)	66.40	57.33	42.89	62.39	115.28
Utilities	290.30	297.97	333.73	380.01	514.10
Machinery Repairs	112.91	127.74	118.19	120.33	123.37
Machine Hire/Lease	53.13	98.85	53.95	115.04	123.54
Fuel & Oil	63.80	63.90	78.21	78.35	85.04
Auto-Farm Share	2.21	6.88	8.81	4.83	6.71
Power & Equipment Total	522.35	595.34	592.89	698.55	852.74
Drying	0.21	0.00	0.00	0.00	2.86
Storage	0.00	0.00	0.00	0.00	0.00
Building Repair	78.32	78.03	61.73	27.53	49.11
Building Total	78.53	78.03	61.73	27.53	51.97
Labor Paid	144.12	189.54	268.74	155.77	183.59
Livestock Supplies & Services	173.44	139.67	176.17	154.03	218.15
Interest Paid	245.72	239.03	231.40	243.87	233.91
Insurance	71.40	72.19	80.22	77.31	94.53
Taxes	0.00	0.00	0.00	0.00	0.00
Miscellaneous	18.27	17.84	23.10	22.08	26.35
Other Cost Total	652.95	658.27	779.62	653.07	756.52
Taxes	12.60	16.87	20.78	16.36	31.79
Cash Rent	39.35	48.17	63.27	81.50	15.20
Land Total	51.95	65.04	84.05	97.87	46.99
Total Non-Feed Cost	1,372.18	1,454.01	1,561.19	1,539.41	1,823.51
Return Above Operating Expenses	671.29	928.08	997.12	869.47	950.92
Machinery Depreciation	254.02	302.51	308.39	313.75	459.70
Building Depreciation	245.26	310.05	330.51	323.96	283.83
Capital Account Adjustment	128.32	4.14	15.53	3.65	-0.67
Leasing Cost	0.00	0.00	0.00	0.00	0.00
Net Farm Income	300.33	319.66	373.74	235.41	206.73
Labor Unpaid	148.39	172.86	174.20	175.33	112.43
Interest On Equity Capital	105.91	144.60	202.14	173.13	303.23
Total Farm Management Returns	46.03	2.20	-2.60	-113.05	-208.94
Operator Share Management Returns	46.03	2.20	-2.60	-113.05	-208.94

ALABAMA LIVESTOCK

OPERATOR'S SHARE PER FARM



Prior to 2002 this group was primarily mixed livestock operations with an emphasis on feeding farm-raised feed. It changed to consist primarily of cattle feeding operations. About half of these farms raise their own feed. As a group they produced about two and one half times as many pounds of beef as the average cow-calf operation.

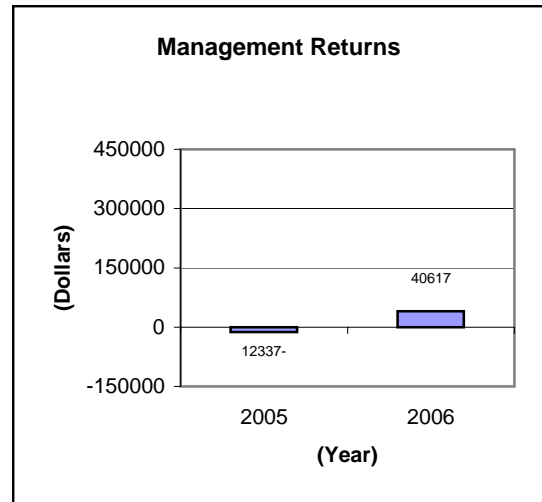
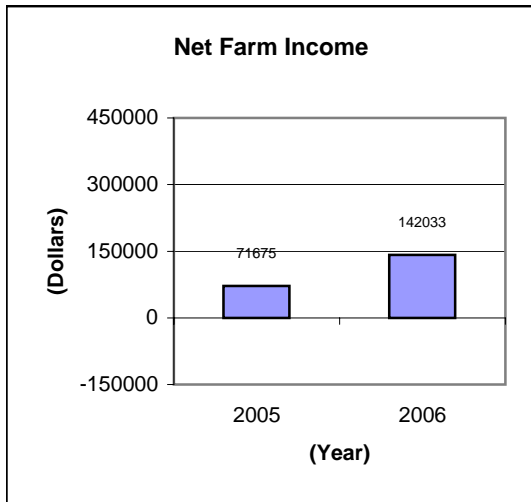
For 2004, Net Farm Income was \$105.63 per acre and Management Returns were \$12.59 per acre. Farm Income averaged \$55,665 from 2002-2004, increasing each year as cattle prices increased. Returns to Management averaged -\$7,749 for the same three years, but was a stable positive number for 2003 and 2004. There was insufficient data for 2005 and 2006.

ALABAMA LIVESTOCK

	2002	2003	2004	2005	2006
Number of Farms	7	7	6	0	0
Average Total Acres	869	1,007	910	0	0
Average Tillable Acres	684	675	785	0	0
Average Operator Acres	684	675	785	0	0
	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre
Farm Returns					
Crop Returns	159.30	225.67	212.52	0.00	0.00
Livestock Return Above Feed	130.62	153.02	134.52	0.00	0.00
Custom Work	0.29	8.15	11.70	0.00	0.00
Other Farm Receipts	15.30	6.87	7.33	0.00	0.00
Gross Farm Returns	305.51	393.71	366.07	0.00	0.00
Farm Costs					
Soil Fertility	27.80	26.81	46.18	0.00	0.00
Pesticides	17.70	18.66	27.53	0.00	0.00
Seed	10.63	17.02	3.08	0.00	0.00
Crop Total	56.13	62.49	76.79	0.00	0.00
Utilities	15.66	16.40	4.87	0.00	0.00
Machinery Repairs	28.20	26.34	28.99	0.00	0.00
Machine Hire/Lease	15.10	21.85	17.51	0.00	0.00
Fuel & Oil	11.54	11.71	16.48	0.00	0.00
Auto-Farm Share	0.87	0.12	0.05	0.00	0.00
Power & Equipment Total	71.37	76.42	67.90	0.00	0.00
Drying	0.43	0.25	0.00	0.00	0.00
Storage	0.16	0.46	0.26	0.00	0.00
Building Repair	4.96	8.99	8.01	0.00	0.00
Building Total	5.55	9.70	8.27	0.00	0.00
Labor Paid	32.27	33.32	30.06	0.00	0.00
Livestock Supplies & Services	24.07	21.15	17.05	0.00	0.00
Interest Paid	12.29	12.57	10.30	0.00	0.00
Insurance	9.30	9.92	8.41	0.00	0.00
Miscellaneous	3.28	3.37	3.70	0.00	0.00
Other Cost Total	81.21	80.33	69.52	0.00	0.00
Taxes	2.09	2.21	1.78	0.00	0.00
Cash Rent	26.38	22.84	24.46	0.00	0.00
Land Total	28.47	25.05	26.24	0.00	0.00
Total Non-Feed Cost	242.73	253.99	248.72	0.00	0.00
Return Above Operating Expenses	62.78	139.72	117.35	0.00	0.00
Machinery Depreciation	29.54	31.74	9.98	0.00	0.00
Building Depreciation	7.23	7.50	1.93	0.00	0.00
Capital Account Adjustment	-0.15	-0.02	0.19	0.00	0.00
Leasing Cost	0.00	2.11	0.00	0.00	0.00
Net Farm Income	25.86	98.35	105.63	0.00	0.00
Labor Unpaid	34.55	30.21	31.32	0.00	0.00
Interest On Equity Capital	54.31	53.38	61.72	0.00	0.00
Total Farm Management Returns	-63.00	14.76	12.59	0.00	0.00
Operator Share Management Returns	-63.00	14.76	12.59	0.00	0.00
Crop Yields					
Corn (bu/acre)	101				
Corn Silage (tons/acre)	13	12			
Hay (tons/acre)	1	1	1		
Hay Silage (tons/acre)	5	7			
Double Crop Soybeans (bu/acre)	20				
Soybeans (bu/acre)	21				
Wheat (bu/acre)	45				

WEST ALABAMA CATFISH

OPERATOR'S SHARE PER FARM



Most of the catfish produced in Alabama is produced in the Blackbelt area, which is one of the poorest areas of the state. The catfish industry provides many jobs for the people of this area, and has made it possible for most of the farmers to remain on the farm full-time.

Catfish is the primary source of income for these farmers; however, most of them also own some beef cattle. The catfish in this sort are raised in ponds ranging in size from 8 to 15 acres each, and are fed a high protein diet. These fish are fed to an optimal weight of 1 to 2 pounds each and are then sold to a processor. The catfish industry in Alabama is not vertically integrated like the poultry industry in Alabama. It has some characteristics of vertical integration, but most of the producers are independent.

Net Farm Income was \$724.66 per water acre in 2006. Catfish production is very capital intensive, and this is the reason for the large difference between Net Farm Income and Management Returns. Pond bank prices for catfish were very good for the majority of 2006 and this is the primary reason Management Returns increased from 2005 to 2006. However, recent pond bank prices are far below 2006 prices and the outlook for 2007 is decreased profits.

WEST ALABAMA CATFISH

	2005	2006
Number of Farms	5	5
Average Total Acres	960	974
Average Water Acres	183.4	196.0
	Per Water Acre	Per Water Acre
Farm Returns		
Crop Returns	65.02	114.21
Livestock Return Above Feed	2,143.97	2,658.78
Custom Work	0.15	0.00
Other Farm Receipts	78.52	396.48
Gross Farm Returns	2,287.66	3,169.47
Farm Costs		
Soil Fertility	55.80	51.03
Pesticides	77.30	102.09
Seed	7.92	6.42
Crop Total	141.02	159.55
Utilities	185.10	238.44
Machinery Repairs	194.79	303.91
Machine Hire/Lease	141.53	118.58
Fuel & Oil	128.60	173.72
Auto-Farm Share	0.00	0.00
Power & Equipment Total	650.02	834.64
Drying	0.00	0.00
Storage	0.00	0.00
Building/Pond Repair	133.81	324.34
Building Total	133.81	324.34
Labor Paid	366.41	513.60
Livestock Supplies & Services	6.38	6.81
Interest Paid	251.96	220.97
Insurance	37.13	52.32
Miscellaneous	65.12	33.30
Other Cost Total	727.00	827.00
Taxes	13.50	6.93
Cash Rent	62.06	60.97
Land Total	75.57	67.89
Total Non-Feed Cost	1,727.42	2,213.42
Return Above Operating Expenses	560.24	956.04
Machinery Depreciation	172.69	174.27
Building/Pond Depreciation	46.63	47.96
Capital Account Adjustment	49.89	9.16
Leasing Cost	0.00	0.00
Net Farm Income	390.81	724.66
Labor Unpaid	70.88	66.34
Interest On Equity Capital	387.20	451.09
Total Farm Management Returns	-67.27	207.23
Operator Share Management Returns	-67.27	207.23

COTTON ENTERPRISE ANALYSIS

GULF COAST FARM ANALYSIS ASSOCIATION FARMS

The Cotton Enterprise Analysis is a detailed analysis of cotton production in southwest Alabama. Cotton production in southwest Alabama suffered losses four out of the last five years. Three of those four years were weather related. In 2002 excess rainfall at harvest prevented harvest. In 2004 Hurricane Ivan destroyed cotton that was ready to be harvested. In 2005 Hurricanes Dennis and Katrina beat down yields again. With these lower cotton yields, profit from cotton production came from government payments or crop insurance. Unfortunately, even with the government payments and crop insurance, producers experienced losses two out of five years.

Government payments (program payments, loan deficiency payments, and disaster payments) have been a major factor in the profitability of cotton production. Government payments have contributed from \$70.84 to \$136.84 per acre in the last five years. Crop insurance payments have contributed from \$.79 to \$94.65 per acre. Without the assistance from government payments and crop insurance proceeds during the last five years, many of the farmers in southwest Alabama would be out of business.

A five-year average in the table shows the importance of these payments by revealing the average breakeven price and the price received with and without government payments and crop insurance. The average breakeven price for the five years was 68 cents per pound of cotton. The average price received without government payments was 53 cents per pound and the average price received with government payments and crop insurance was 72 cents per pound.

COTTON ENTERPRISE ANALYSIS

GULF COAST FARM ANALYSIS ASSOCIATION FARMS

	2002*	2003	2004**	2005***	2006	5-YR AVG
Number of Farms in Average	14	17	15	14	14	
Planted Cotton Acres	1,363	1,166	1,189	1,222	1,318	1,252
Yield (lb/acre)	426	818	665	771	862	708
	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE
Farm Returns						
Crop Sales	135.74	315.80	246.21	296.31	216.05	242.02
Inventory Value	46.88	181.71	111.81	110.99	229.46	136.17
Total Gross	182.62	497.51	358.02	407.30	445.51	378.19
Operating Expenses						
Fertilizer	56.05	54.48	74.51	91.95	66.86	68.77
Pesticides	150.55	147.90	155.51	119.74	135.02	141.74
Seed	22.80	26.44	32.80	52.63	27.56	32.45
Utilities	4.02	4.90	4.72	4.69	4.13	4.49
Machinery Repairs	31.94	35.57	42.65	43.26	39.62	38.61
Machine Hire	15.92	16.46	17.79	20.91	17.86	17.79
Fuel & Oil	11.63	15.25	20.23	27.19	29.90	20.84
Interest	26.66	29.45	30.41	29.96	38.12	30.92
Hired Labor	41.45	43.58	47.92	53.64	40.37	45.39
Building Repair	0.09	0.05	0.11	0.49	0.45	0.24
Insurance	23.29	26.28	28.06	27.44	25.34	26.08
Taxes	1.00	1.23	2.00	0.76	0.91	1.18
Miscellaneous.	5.15	5.04	3.64	4.28	4.38	4.50
Cash Rent	51.63	48.17	48.79	49.96	45.85	48.88
Total Operating Expenses	442.18	454.80	509.14	526.90	476.37	481.88
Profit or Loss	-259.56	42.71	-151.12	-119.60	-30.86	-103.69
Government Payments	136.84	82.06	113.69	103.28	70.84	101.34
Crop Insurance	94.65	1.49	44.73	4.01	0.79	29.13
Profit or Loss With Government Payments & Crop Insurance	-28.07	126.26	7.30	-12.31	40.77	26.79
Breakeven Price/lb. Cotton (Expenses/Pounds Cotton)	1.04	0.56	0.77	0.68	0.55	0.68
Average Cash Price Received Without Government. Payments & Crop Insurance	0.43	0.61	0.54	0.53	0.52	0.53
Average Price Received With Government Payments & Crop Insurance	0.97	0.71	0.78	0.67	0.60	0.72

* - 2002 losses attributed to excess rainfall

** - 2004 losses attributed to Hurricane Ivan

*** - 2005 losses attributed to Hurricanes Dennis and Katrina

PEANUT ENTERPRISE ANALYSIS GULF COAST FARM ANALYSIS ASSOCIATION FARMS

The Peanut Enterprise Analysis is a detailed analysis of peanut production in southwest Alabama. Peanut acreage has been on the increase in southwest Alabama since 1998 with more farmers switching to peanuts as an alternative to corn, soybeans, and cotton.

In 2005 the Tomato Spotted Wilt Virus attacked peanuts in southwest Alabama and reduced yields and quality. Crop returns without crop insurance and government assistance considered were \$86.45 per acre in 2006. Adding crop insurance and government payments resulted in a profit of \$125.04 per acre. The five-year average breakeven price per pound of peanuts produced was 16 cents. The average price received without considering government payments and crop insurance was 17 cents per pound. The average price received with government payments and crop insurance was 20 cents per pound.

PEANUT ENTERPRISE ANALYSIS GULF COAST FARM ANALYSIS ASSOCIATION FARMS

	2002	2003	2004	2005	2006	5-YR AVG
Number of Farms In Average	7	14	14	13	13	
Planted Peanut Acres	603	600	731	784	646	673
Yield (lb/acre)	2,852	3,574	3,452	3,018	3,443	3,268
	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE
Farm Returns						
Crop Sales	245.30	460.62	447.21	308.02	40.16	300.26
Inventory Value	216.44	194.70	204.50	182.30	553.98	270.38
Total Gross	461.74	655.32	651.71	490.32	594.14	570.65
Operator Expenses						
Fertilizer	25.50	24.35	32.10	35.34	17.55	26.97
Pesticides	180.33	170.73	161.72	174.19	155.41	168.48
Seed	70.94	58.54	57.74	59.16	54.13	60.10
Drying & Storage	25.98	9.14	3.28	10.48	18.01	13.38
Utilities	4.02	4.31	4.91	5.46	5.18	4.78
Machinery Repairs	33.62	44.09	50.03	52.40	43.63	44.75
Machine Hire	11.47	22.98	10.79	15.71	12.51	14.69
Fuel & Oil	14.00	16.76	20.95	27.46	29.72	21.78
Interest	20.70	25.95	33.27	28.51	39.66	29.62
Hired Labor	67.76	55.57	51.50	47.92	44.55	53.46
Building Repair	0.00	0.42	0.07	0.77	0.46	0.34
Insurance	15.83	23.72	20.91	22.66	25.49	21.72
Taxes	0.85	1.53	1.33	1.59	1.11	1.28
Miscellaneous	4.47	5.06	4.52	6.81	8.70	5.91
Cash Rent	46.58	48.85	54.53	53.84	51.58	51.08
Total Operating Expenses	522.05	512.00	507.65	542.30	507.69	518.34
Profit or Loss	-60.31	143.32	144.06	-51.98	86.45	52.31
Government :Payments	149.41	53.26	43.65	46.63	26.28	63.85
Crop Insurance	13.02	1.41	1.63	26.52	12.31	10.98
Profit or Loss Including Government Payments & Crop Insurance	102.12	197.99	189.34	21.17	125.04	127.13
Breakeven Price/lb. Peanut (Expenses/Pounds Peanuts)	0.18	0.14	0.15	0.18	0.15	0.16
Average Cash Price Received Without Government Payments & Crop Insurance	0.16	0.18	0.19	0.16	0.17	0.17
Average Price Received With Government Payment & Crop Insurance	0.22	0.20	0.20	0.19	0.18	0.20

ALABAMA POULTRY ENTERPRISE ANALYSIS

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. Cost per Pound has been fairly constant for three of the last five years. Exceptions occurred in 2004 and in 2006 due to increased labor, fuel, and utility costs.

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 bird sold. Gross Income per farm has increased 31% from 2002 to 2006. Total Operating Expense increased 24%. Utilities and interest costs have traditionally been the two biggest cash costs for growers. Utility costs rose 14% from 2003 to 2004 and 18% from 2005 to 2006. Historically 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. Cash Rent expense represents payments from one generation to another where the the original owner/operator has retired.

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 over \$180,000 per house. Upgrades of existing houses to add tunnel ventilation cost about \$40,000 per house. Tunnel ventilated houses are now being upgraded to include solid walls and blackout curtains. Houses are typically financed for 15 years.

In 2006 the average farm in this group received Total Operating Income of \$48,311 from 106,350 square feet. For a broiler operation with four 40-by-500 foot houses, this translates into Total Operating Income of about \$36,341, which is an increase of \$6,732 from 2005.

ALABAMA POULTRY ENTERPRISE ANALYSIS

	2002	2003	2004	2005	2006
Cost Per Pound	3.01	3.04	3.37	3.05	3.21
Weight of Birds Sold	5.08	5.23	5.76	5.40	6.57
Feed Conversion	1.81	1.86	1.97	1.97	1.89
% of Pounds Condemned	0.47%	0.42%	0.44%	0.50%	0.34%
Livability	96.36%	96.29%	94.88%	95.31%	95.26%

Costs And Returns	Total ¢ per lb.		Total ¢ per lb.		Total ¢ per lb.		Total ¢ per lb.		Total ¢ per lb.	
Gross Income	170,183	5.00	172,439	5.07	176,114	5.18	201,707	5.35	223,611	5.63
Operating Expenses										
Livestock Supplies	11,618	0.34	9,922	0.29	11,103	0.33	10,584	0.28	10,515	0.26
Machinery Repairs	6,217	0.18	8,180	0.24	9,538	0.28	7,925	0.21	7,873	0.20
Machinery Hire	3,446	0.10	4,739	0.14	3,292	0.10	4,041	0.11	8,095	0.20
Fuel & Oil	1,549	0.05	1,899	0.06	3,697	0.11	4,109	0.11	5,197	0.13
Heating Fuel							22,257	0.59	31,257	0.79
Electricity							14,670	0.39	15,576	0.39
Other Utilities	32,974	0.97	33,339	0.98	37,981	1.12	5,961	0.16	6,792	0.17
Interest Paid	21,572	0.63	18,356	0.54	17,088	0.50	22,139	0.59	16,717	0.42
Labor Paid	11,305	0.33	14,540	0.43	20,521	0.60	12,284	0.33	13,867	0.35
Building Repair	3,064	0.09	2,059	0.06	2,478	0.07	1,787	0.05	2,016	0.05
Insurance	5,203	0.15	5,125	0.15	5,738	0.17	6,338	0.17	6,834	0.17
Taxes	415	0.01	559	0.02	451	0.01	725	0.02	827	0.02
Light Vehicle	555	0.02	364	0.01	95	0.00	572	0.02	168	0.00
Miscellaneous	1,107	0.03	882	0.03	136	0.00	1,582	0.04	1,509	0.04
Cash Rent	3,415	0.10	3,483	0.10	2,790	0.08	61	0.00	283	0.01
Total Operating Expense	102,440	3.01	103,447	3.04	114,908	3.38	115,035	3.05	127,526	3.21
Income Above Op Expense	67,743	1.99	68,992	2.03	61,206	1.80	86,673	2.30	96,084	2.42
Machinery Depreciation	16,930	0.50	16,951	0.50	15,973	0.47	20,488	0.54	16,831	0.42
Building Depreciation	23,085	0.68	21,744	0.64	21,025	0.62	28,695	0.76	30,943	0.78
Total Operating Income	27,728	0.82	30,297	0.89	24,208	0.71	37,490	0.99	48,311	1.22

Production Efficiency

Number of Farms	18	18	17	18	17
Number of Flocks	5.72	5.78	5.85	5.94	5.47
Days on Farm	48.93	48.76	49.91	49.88	52.85
Weight of Birds Sold	5.08	5.23	5.30	5.40	6.57
Pounds Feed Fed	6,176,334	6,326,907	6,822,207	7,411,649	7,494,926
Feed Conversion	1.81	1.86	1.97	1.97	1.89
Birds Placed	699,788	677,303	692,852	737,378	637,659
Birds Produced	674,335	652,159	657,356	702,810	607,426
Birds Sold	671,079	649,850	654,630	697,799	604,585
Birds Condemned	3,256	2,308	2,726	5,011	2,840
Livability	96.36%	96.29%	94.88%	95.31%	95.26%
% of Birds Placed: Condemned	0.47%	0.34%	0.39%	0.68%	0.45%
Farm Death Loss	3.64%	3.71%	5.12%	4.69%	4.74%
Sold	95.90%	95.95%	94.48%	94.63%	94.81%
Total lb Produced	3,426,188	3,415,408	3,486,878	3,790,321	3,984,441
Total lb Sold	3,410,606	3,401,189	3,471,401	3,771,464	3,970,960
Total lb Condemned	16,086	14,220	15,477	18,857	13,481
% of Pounds Condemned	0.47%	0.42%	0.44%	0.50%	0.34%
Capacity (Square Feet)	102,960	105,182	106,664	101,293	106,350

WEST ALABAMA CATFISH ENTERPRISE ANALYSIS

This analysis is a detailed analysis of catfish production in the Blackbelt area of Alabama. In 2000-2002 catfish producers were hurt by low prices, but since then the prices paid for catfish have been steadily increasing to a current high of \$.80/lb. This increase in prices has allowed producers to pay off debts incurred during the time of low prices and perform some badly needed repairs and upgrades to ponds and equipment. The current high price is expected to fall in the near future due mainly to the competition of imported fish in the marketplace.

This analysis shows the averages for several production parameters such as production per water acre, feed fed, and feed conversion. The farms in this analysis average Net Operating Income for 2006 was \$706.61 per water acre. The breakeven cost of production increased from 2005 to 2006. The main factor contributing to this was the decrease in the pounds of fish produced. This decrease in production was mainly due to a decreased ending inventory which was caused by increased harvesting of fish in 2006. The pounds of fish harvested in 2005 was 6,935 lbs/water acre and in 2006 it was 7,344 lbs/water acre.

WEST ALABAMA CATFISH ENTERPRISE ANALYSIS

Year	2005	2006
Number of Farms	5	5
Average Total Acres	960	974
Average Water Acres	183	196
Average Number of Ponds	15	16
	Average/ water acre	Average/ water acre
Farm Returns		
Value of Fish Production	\$4,092.20	\$5,137.68
Other Receipts	\$32.89	\$391.16
Total Gross Returns	\$3,549.11	\$5,528.84
Operating Expenses		
Value of Feed Fed	\$1,593.24	\$1,617.28
Fingerlings	\$575.98	\$970.14
Labor	\$319.14	\$408.66
Utilities	\$176.96	\$323.03
Chemicals	\$69.92	\$97.37
Machine Hire	\$125.33	\$100.47
Machine Repairs	\$176.68	\$291.34
Interest	\$239.12	\$204.32
Fuel	\$116.45	\$161.82
Insurance	\$32.11	\$47.28
Taxes	\$9.06	\$6.52
Cash Rent	\$35.64	\$34.51
Miscellaneous	\$55.65	\$27.31
Pond/Building Repair	\$126.13	\$322.65
Total Operating Expense	\$3,651.41	\$4,612.69
Income Above Operating Expense	\$473.68	\$916.15
Machinery Depreciation	\$154.91	\$161.59
Pond/Building Depreciation	\$44.84	\$47.96
Net Operating Income	\$273.93	\$706.61
Production Efficiency		
Feed Fed (lbs)	14,076	13,146
Price Feed Fed (\$/ton)	\$244	\$246
Pounds Stocked	486	630
Feed conversion (lbs feed fed/lbs fish produced)	2.20	2.33
Pounds Fish Harvested	6,935	7,344
Price Received (per lb. fish sold)	\$0.67	\$0.72
Fish Produced (Pounds)	6,024	5,766
Breakeven Price/lb. Fish Produced (Expenses/Pounds Fish Produced)	\$0.64	\$0.84

ALABAMA BEEF COW ANALYSIS

The Alabama Beef Cow Analysis Report provides details of feed cost and physical production for the cow-calf producers included in the Alabama Cow-Calf sort. The average is compared to lower and upper groups ranked by Net Farm Income per cow.

The upper 1/3 group of producers received Returns of \$349 for every \$100 of Feed Fed. They achieved this by producing more pounds of beef per cow with less than half as many pounds of concentrates as the lower 1/3 group. The upper group produced 616 pounds of beef per cow with 1,678 pounds of concentrates. The lower group used 3,511 pounds of concentrates to produce 578 pounds of beef. The upper group is comprised of larger herds; the average herd size is 222 cows for the upper group and 113 cows for the lower group.

Calving percentage is slightly higher for the top group. The top group sold 176 market calves while the lower group sold 95 head. The average weight of market animals sold by the upper group was 10% greater. The price received per hundredweight was higher for the lighter weight animals in the lower group. Death loss was slightly higher in the upper group.

Net Farm Income per cow was \$301.53 for the upper producers. It was -\$530.09 per cow for the lower group. The average producer had Net Farm Income of -\$33.68.

ALABAMA BEEF COW ANALYSIS REPORT 2006

ALABAMA FARM ANALYSIS ASSOCIATIONS

ITEM	LOWER 1/3		AVERAGE		UPPER 1/3	
	AVG	AVG PER	AVG	AVG PER	AVG	AVG PER
	PER COW	COW HERD	PER COW	COW HERD	PER COW	COW HERD
Number of Farms/Number of Cows	8	113.4	25	135.3	8	222.0
Pounds of Beef Produced	578	65,527	575	77,866	616	137,647
Total Returns	535	60,629	525	71,057	574	129,475
Value of Grain & Roughage Fed	272	30,844	192	25,990	172	28,955
Value of Supplement Fed	52	5,926	45	6,084	38	9,495
Value of Feed Fed	324	36,770	237	32,074	210	38,450
Returns Above Feed Costs	210	23,860	288	38,983	364	91,025
Returns Per \$100 Feed Fed		184		302		349
Pounds of Feed Fed						
Grain	1,080	122,404	388	52,473	39	19,643
Supplement	594	67,364	475	64,327	347	111,540
Other Miscellaneous Feed	1,838	208,332	1,140	154,265	1,292	214,454
Total Pounds of Concentrates	3,511	398,100	2,003	271,065	1,678	345,637
Hay & Roughage	4,521	512,615	3,857	521,870	2,874	674,977
Corn Silage	-	-	-	-	-	-
Other Silage	-	-	-	-	-	-
Total Pounds All Feed Fed	8,033	910,715	5,860	792,935	4,551	1,020,614
Pasture Cost	33	3,731	35	4,738	40	8,631
Hay Equivalent ²	2.66	301	2.35	318	1.92	441
	LOWER 1/3		AVERAGE		UPPER 1/3	
Cost/Cwt of Supplement	13.66		13.30		13.07	
Cost/Cwt of Concentrates	7.57		9.26		11.17	
Pasture Days/Animal Unit	27		27		40	
Average Number of Cows in Herd	113.4		135.3		209.3	
Number of Calves Born	107		126		203	
Calving % ³	94		93		97	
Number Sold - Market	95		117		176	
Weight per Market Animal Sold	589		582		650	
Price Rec'd/Cwt - Market	107.73		107.97		105.46	
Average Purchase Price/Head - Market	-		-		-	
Number Sold - Breeding	36		29		36	
% Cull Rate - Breeding	31.6		21.4		17.0	
Weight per Breeding Animal Sold	1,089		1,104		1,140	
Price Rec'd/Cwt - Breeding	62.72		58.68		57.99	
Death Loss - Total Pounds	1,886		3,710		5,916	
Death Loss - % Pounds Produced	2.9		4.8		4.6	
Market Number	3		4		6	
Market Survival Rate % ⁴	94.5		86.2		83.6	
Breeding Number	2		3		4	
Breeding Survival Rate % ⁴	94.5		93.0		92.2	
Net Farm Income	-530.09		-33.68		301.53	

¹Pasture Cost - Fertilizer, chemical, & seed cost for pasture.

²Hay Equivalent - Dry matter value of roughages in tons: corn silage at 33%, other silage at 45%, and pasture cost at 24 lbs./dollar.

³Calving % - Number of calves born in year divided by number of cows on farm.

⁴Survival Rate % - Cattle present at beginning of year that were sold, consumed, or still on hand at year end.

ALABAMA DAIRY HERD ANALYSIS

The Dairy Herd Analysis Report reveals details of feed cost and physical production for dairy farms included in the Alabama Dairy sort. The average is compared to lower and upper groups ranked by Net Farm Income per cow.

The lower group realized a greater Returns Above Feed Costs than the upper group. Total Returns for the lower group was \$2,822 per cow. The Value of Feed Fed was \$1,131, yielding Returns Above Feed Costs of \$1,691. Total Returns for the upper group was \$3,029 and the Value of Feed Fed was \$1,434. Returns Above Feed Costs for the lower group was \$1,595.

Net Farm Income per cow was \$276 for the upper group, compared to -\$116 for the lower group. The more profitable operations produced 10% more milk per cow (17,205 pounds) than the lower group (15,642 pounds) and milked more cows (269 cows compared to 104). Apparently volume was a contributing factor to the difference in Net Farm Income.

Other items of note between the two groups include the difference in feeds fed. The upper group tends to substitute purchased feed and hay for silage and pasture. This same group had a greater percentage of Cows Dry and a lower Calving Percentage. The Price Received for milk and cull cows was about the same for the two groups. The upper group received a higher Price Per Cwt. for market beef.

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
2006	104.0	(\$115.90)	186.4	\$272.23	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
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

	2002	2003	2004	2005	2006
Number of All Farms	111	112	110	109	104
COTTON					
NET FARM INCOME (NFI)	-58,495	158,457	79,675	88,859	6,656
GOVERNMENT PAYMENTS	66,586	96,686	81,308	114,800	102,391
NFI WITHOUT GOVERNMENT PAYMENTS	-125,081	61,771	-1,633	-25,941	-95,734
GRAIN					
NET FARM INCOME (NFI)	-82	89,988	60,463	48,850	14,051
GOVERNMENT PAYMENTS	15,497	23,129	36,824	46,584	35,847
NFI WITHOUT GOVERNMENT PAYMENTS	-15,579	66,859	23,640	2,267	-21,796
PEANUTS/COTTON					
NET FARM INCOME (NFI)	-3,363	221,358	45,792	50,100	83,240
GOVERNMENT PAYMENTS	57,250	157,443	106,285	179,927	190,944
NFI WITHOUT GOVERNMENT PAYMENTS	-60,613	63,915	-60,493	-129,828	-107,704
DAIRY					
NET FARM INCOME (NFI)	-27,450	53,717	122,309	47,695	29,981
GOVERNMENT PAYMENTS	33,626	32,582	15,512	12,708	21,972
NFI WITHOUT GOVERNMENT PAYMENTS	-61,076	21,135	106,797	34,987	8,009
COW-CALF					
NET FARM INCOME (NFI)	-1,306	608	134	7,072	-6,909
GOVERNMENT PAYMENTS	10,545	11,914	6,578	9,052	10,826
NFI WITHOUT GOVERNMENT PAYMENTS	-11,851	-11,306	-6,444	-1,980	-17,735
ALL FARMS					
NET FARM INCOME (NFI)	-9,003	104,177	53,144	44,133	36,022
GOVERNMENT PAYMENTS	59,231	60,971	48,069	72,840	69,085
NFI WITHOUT GOVERNMENT PAYMENTS	-68,234	43,206	5,075	-28,707	-33,063

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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