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May 2004

2003 Nebraska Farm Business, Inc. Averages

Tina N. Barrett

University of Nebraska-Lincoln

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Barrett, Tina N., "2003 Nebraska Farm Business, Inc. Averages" (2004). *Cornhusker Economics*. 164.
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Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

2003 Nebraska Farm Business, Inc. Averages

Market Report	Yr Ago	4 Wks Ago	4/30/04
<u>Livestock and Products,</u>			
<u>Average Prices for Week Ending</u>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt	\$78.42	\$109.12	\$87.33
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt	88.19	104.99	109.00
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg	101.77	109.12	115.40
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt	123.27	129.70	142.75
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt	40.00	43.50	57.00
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd	*	42.00	43.87
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt	105.86	110.12	113.57
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt	97.85	*	95.37
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt	193.27	195.06	186.52
<u>Crops,</u>			
<u>Cash Truck Prices for Date Shown</u>			
Wheat, No. 1, H.W. Omaha, bu	3.10	4.11	3.81
Corn, No. 2, Yellow Omaha, bu	2.25	3.11	3.01
Soybeans, No. 1, Yellow Omaha, bu	6.19	10.30	10.25
Grain Sorghum, No. 2, Yellow Kansas City, cwt	4.06	5.63	5.39
Oats, No. 2, Heavy Minneapolis, MN, bu	1.72	1.94	1.94
<u>Hay,</u>			
<u>First Day of Week Pile Prices</u>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton	125.00	150.00	150.00
Alfalfa, Lg. Round, Good Northeast Nebraska, ton	77.50	55.00	55.00
Prairie, Sm. Square, Good Northeast Nebraska, ton	117.50	87.50	128.00
* No market.			

The 2003 Nebraska Farm Business, Inc. Averages have recently been released to the press and will shortly be available in printed form. Each year individual analysis of farming operations are combined together to form our average data. Each individual participant receives a complete financial analysis with an accrual net farm income, an earned net worth change, the sweet sixteen financial ratios and some get to breakeven costs of production.

There is a wide range of operations that contribute each year. This year, 145 farms combined for a gross income range from just over \$10,000 to over \$3 million. Their ages ranged from 22 to 79, and net incomes ranged from \$-150,000 to \$350,000. Eleven percent had negative net farm incomes while 24.1 percent had incomes over \$100,000. These factors combined to contribute to the third highest net farm income we've recorded since we started in 1976.

There were three major contributors to the higher income in 2003.

- 1) **Higher Commodity Prices:** Although soybeans have seen even larger gains in 2004, the inventory prices we used rose from \$5.40 to \$7.40 from the beginning to the end of the year. Also, although the inventory price of cattle didn't change much, the higher prices throughout the year allowed producers to capitalize on the higher income.
- 2) **Higher Yields:** Irrigated yields were not significantly different, but dryland yields were much higher than a year ago. Looking at this year's numbers it's hard to be impressed, but total losses from a year ago were replaced with something to harvest, even if it was much less than normal. The



Southeast and Southwest showed the biggest improvements in this area.

3) **Disaster Payments:** The disaster payments for 2001 and 2002 finally showed up in 2003. Although in a perfect accrual world we would have known what that amount would be back then, it had to be included in this year's income even though it was earned (or lost) in previous years. It doesn't really skew the net income rankings because these three years are stand-outs on the trend. Also, the significance of these payments came mostly in our Southeast and Western Regions.

Although net income was significantly higher this year, the six year average net income is only \$37,622. Although this doesn't sound bad compared to a yearly salary, many things must be considered. The average non-farm income was just over \$12,000 and family living and taxes were \$54,893. Also, the average farm has just over \$800,000 of net worth invested in their operation. To expect a modest return of only five percent, the first \$40,000 earned was simply a return on their investment, but they had \$42,893 (total family living expense - non-farm income) of family living and taxes to pay, and only made \$37,622. Some of these numbers explain why life on the farm has felt so tight even when there was an average of \$64,434 earned in 2003.

In addition to data generated on the whole state we also publish four regional books that take a closer look at the different areas of Nebraska that vary so much. In deciding the regions we tried to recognize the profit potential of the irrigated core of the state as being different than the dryland Southeast, or the rain potential in the Southeast being greater than in the Western Region. We would have liked to split the Western Region into more regions, but the lack of farm numbers in those counties didn't allow us to follow through. To give you an idea of the differences, here are the average net farm incomes in each of the areas:

Whole State	\$64,434
South Central	\$82,346
Northeast	\$50,749
Southeast	\$47,652
Western	\$73,055

If you would like more details about 2003 Averages or the Regional Averages, please contact the Nebraska Farm Business, Inc. at (402) 464-6324 or visit our website www.nfbi.net where the books will be available shortly.

Tina Barrett, (402) 464-6324
 Director, Nebraska Farm Business Association
tbarrett2@unl.edu

