

PS 371
Exam - May 8, 1992

NAME: _____ Grade: _____

Points

- (8) 1. Consider the costs of producing a 4.0 pound broiler:

		<u>I or G</u>
Feed	.800	_____
Chick	.080	_____
Vaccines & Drugs	.020	_____
Growout Labor	.060	_____
Buildings & Equipment	.040	_____
Brooding Fuel	.012	_____
Litter	.006	_____
Electricity	.006	_____
Miscellaneous	.001	_____

- (9) a) Mark the costs that are customarily paid by integrated companies with an "I" and those customarily paid by contract growers with a "G".

- (6) b) Fill in the blanks:

	<u>Total Costs</u>	<u>Total Avg. Costs</u>
Units	_____	_____
Integrated Company	_____	_____
Contract Grower	_____	_____

- (3) c) If the integrated company offers to pay the grower \$.05 per pound of broiler, should the grower ...

- a. continue growing
- b. stop growing
- c. build a new house

- (3) d) If the integrated company offers to pay the grower \$.03 per pound of broiler, should the grower ...

- a. continue growing

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- b. stop growing
 - c. build a new house
- e) If the integrated company offers to pay the grower \$.02 per pound of broiler, should the grower ...
- a. continue growing
 - b. stop growing
 - c. build a new house

(2 each) 2. For the single lot model, fill in the blanks assuming feed costs \$.15 per pound and fixed costs are \$.30 per bird:

	Body Weight	Feed Consumption	Total Variable Costs	Total Fixed Costs	Total Costs	Average Total Costs
Units	lbs.	lbs.				\$/lb.
	4.0	7.8		.30		
	4.5	9.1	1.365			
	5.0	10.6			1.89	

(3 each) 3. Consider the following data for a multiple lot analysis of broiler production:

	Average live wt. (pounds)	Sq. ft./bird	Birds per sq. ft. per year	Broilers per sq. ft. per year	Feed per sq. ft. (pounds)
60	2.0	.60	18	30	
61	3.0	.70	12	34	
62	4.0	.80	9	38	
63	5.0	.90	7	36	

64 6.0 1.0 5 35

Circle T for true statements or F for false statements:

- a. T F If the price of feed decreases, the tendency would be to grow a 4.0 pound bird instead of a 5.0 pound bird.
 - b. T F If the cost of chicks decreases, the tendency would be to grow a 4.0 pound bird instead of a 5.0 pound bird.
 - c. T F If the cost of housing decreases, the tendency would be to grow a 4.0 pound bird instead of a 5.0 pound bird.
 - d. T F If the cost of broilers decreases, the tendency would be to grow a 4.0 pound bird instead of a 5.0 pound bird.
 - e. T F If the cost of vaccine increases, the tendency would be to grow a 4.0 pound bird instead of a 5.0 pound bird.
 - f. T F If the cost of processing increases, the tendency would be to grow a 4.0 pound bird instead of a 5.0 pound bird.
 - g. Write an explanation of your answers stating the basic principles involved.
- (5) 4. a. Draw a production curve for commercial egg layers relating performance over time. Label the axes:
 - b. Draw the production function for commercial egg layers relating performance to feed intake. Label the axes:
 - (2) c. How far in advance must layer replacement decisions be made?
 - (4) d. What factors are most important in determining if replacement decisions will be good ones?
 - (5) 5. Compare and contrast replacing hens versus culling hens.

- (6) 6. When a broiler house is operated at less than capacity, how are costs to the integrated company and grower affected? Be specific about Total, Fixed and Variable costs.

What kind of arrangement do you think the company and grower should make when a house has to be operated at less than capacity? (Should the grower be compensated? How?)