



FARM CREDIT EAST





The 2019 *Northeast Dairy Farm Summary*

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Director of Knowledge Exchange



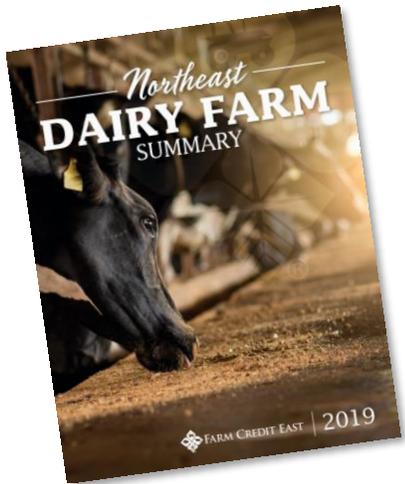
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Agenda

Review of 2019
financial results

2020 mid-year
outlook

Audience
questions



Download the full report at:
FarmCreditEast.com/Reports

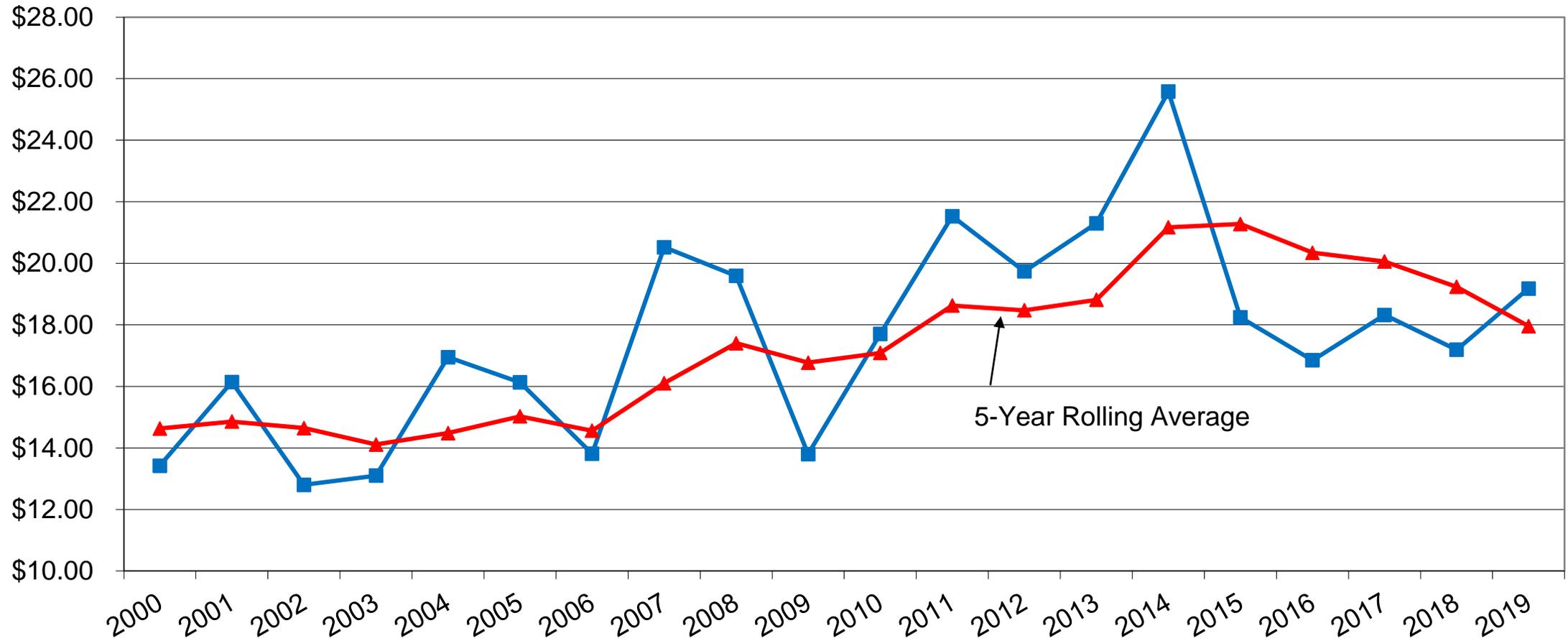


Key Points

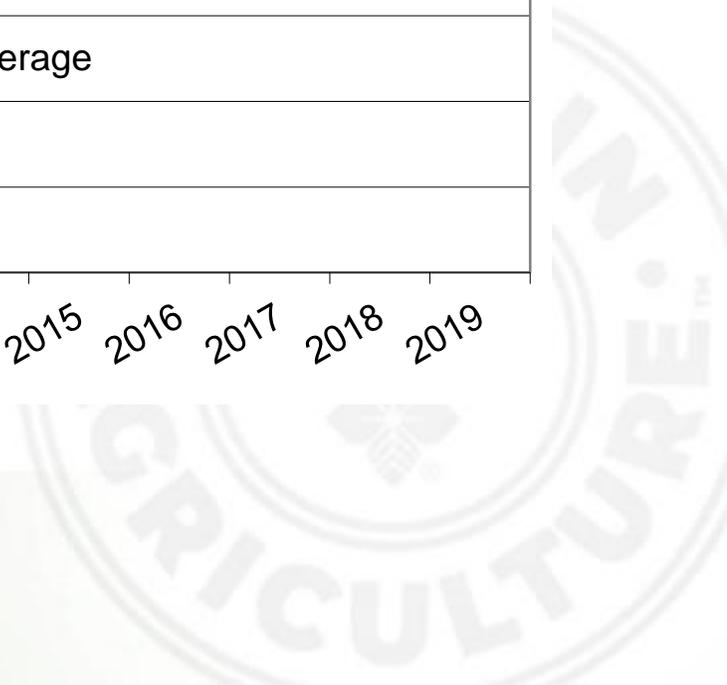
- The report was delayed due to the COVID-19 Situation
- 267 Dairy farms, mainly from New York, participated
 - Our sample larger and probably more profitable than true average
- Profitability increased in 2019, average: \$447/cow from -\$40 in 2018
- 2019 Milk price: \$19.18, \$1.99 greater than 2018's \$17.19
- NCOP: \$17.81, \$0.09 greater than 2018
- Total debt per cow declined slightly, but remains high at \$4,061/cow



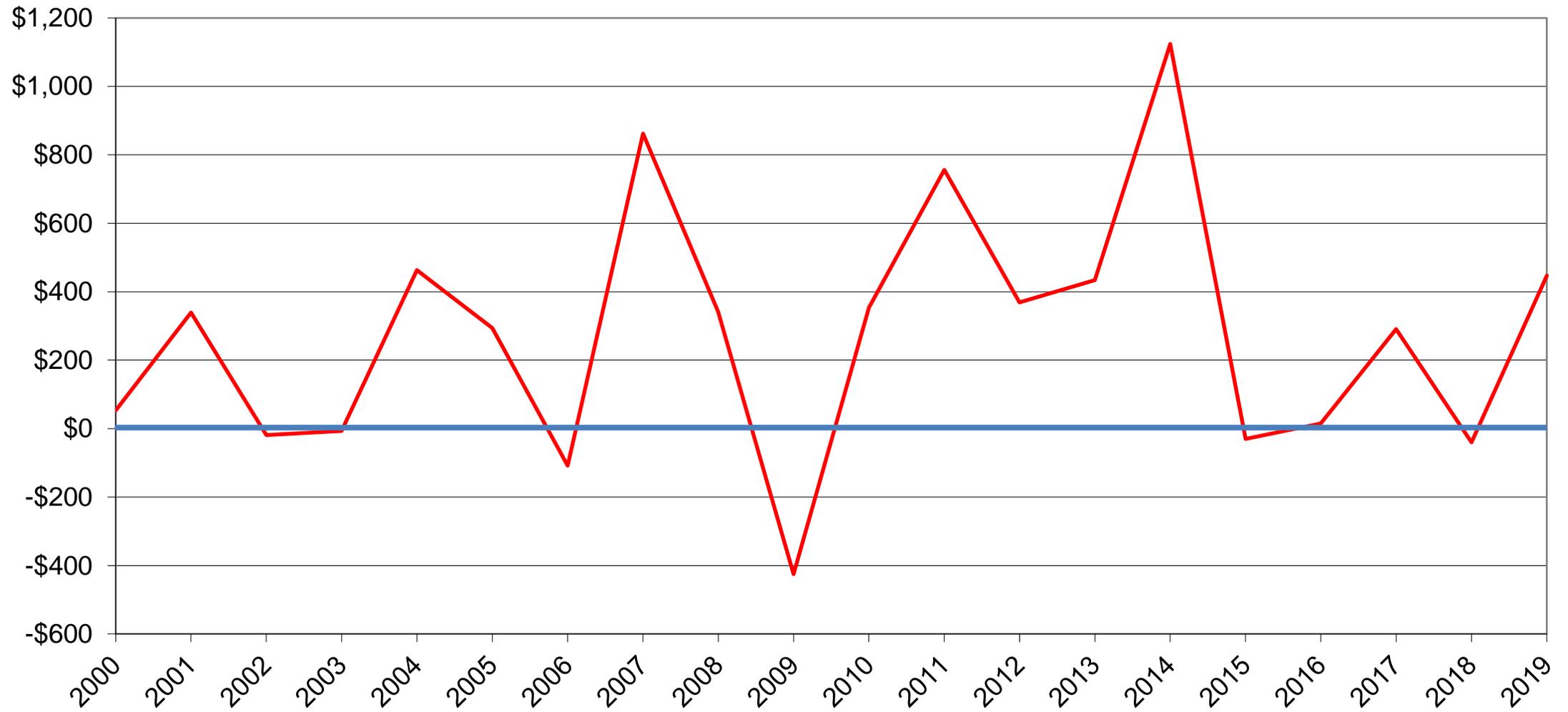
Farm Milk Prices per Cwt.



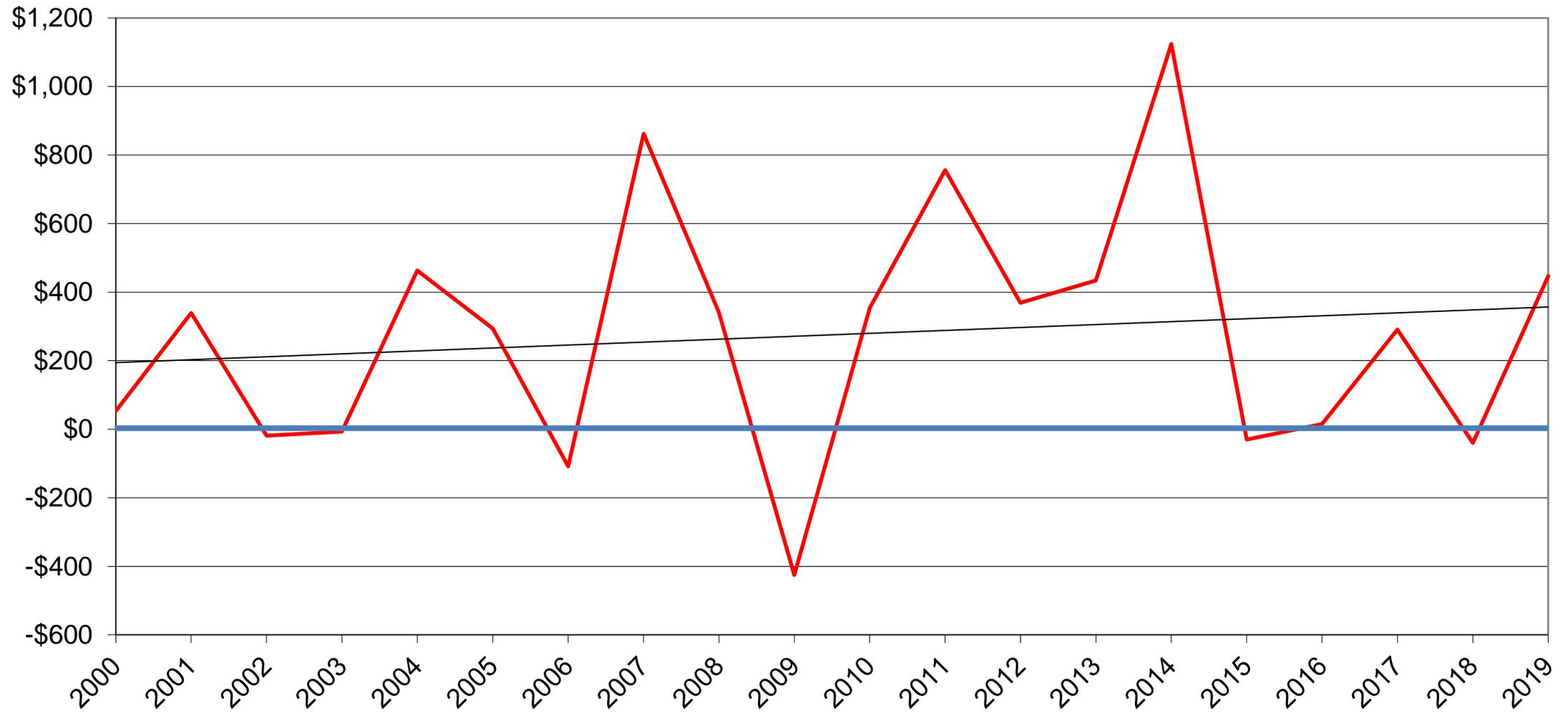
Source for all charts: Farm Credit East, unless otherwise noted



Net Earnings per Cow 2000-2019



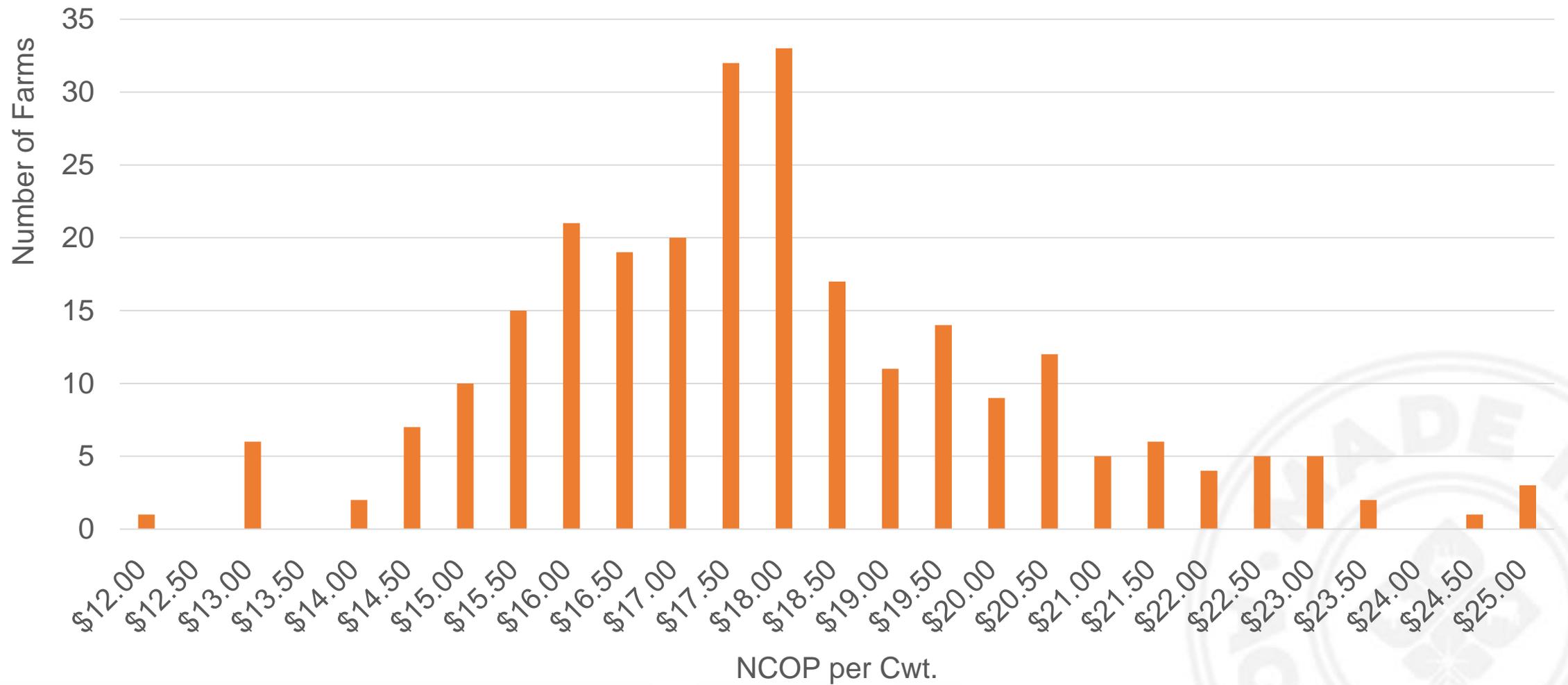
Net Earnings per Cow 2000-2019



Cost of Production per cwt.

	2014	2015	2016	2017	2018	2019
Cash Expenses	\$22.26	\$20.00	\$18.24	\$18.54	\$18.60	\$18.59
+ Depreciation	1.49	1.44	1.38	1.30	1.28	1.20
+ Family Living	<u>0.75</u>	<u>0.69</u>	<u>0.58</u>	<u>0.49</u>	<u>0.48</u>	<u>0.41</u>
Total costs	<u>\$24.50</u>	<u>\$22.13</u>	<u>\$20.20</u>	<u>\$20.33</u>	<u>\$20.36</u>	<u>\$20.20</u>
- Non-Milk Farm Income	3.66	3.77	3.41	2.87	2.64	2.39
NCOP	<u>\$20.84</u>	<u>\$18.36</u>	<u>\$16.79</u>	<u>\$17.46</u>	<u>\$17.72</u>	<u>\$17.81</u>

Distribution of Net Cost of Production



NCOP by Region

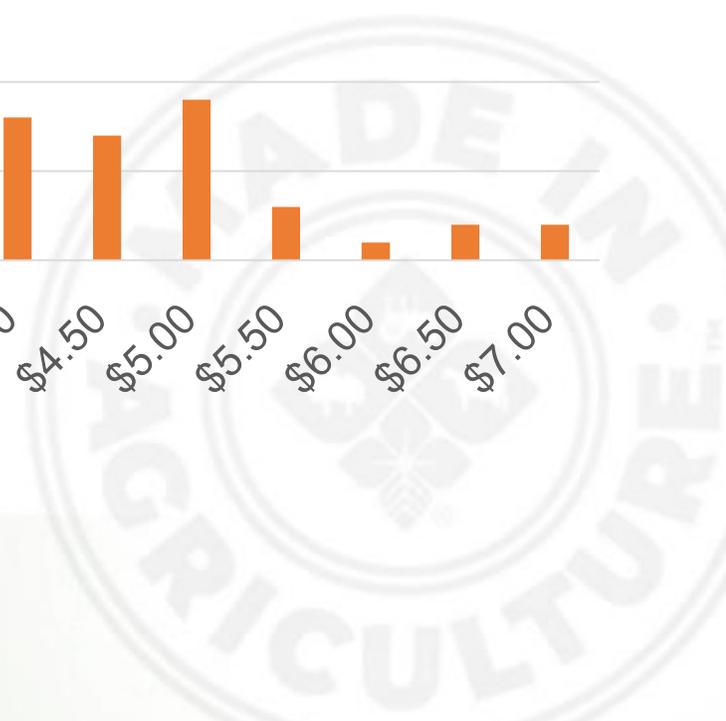
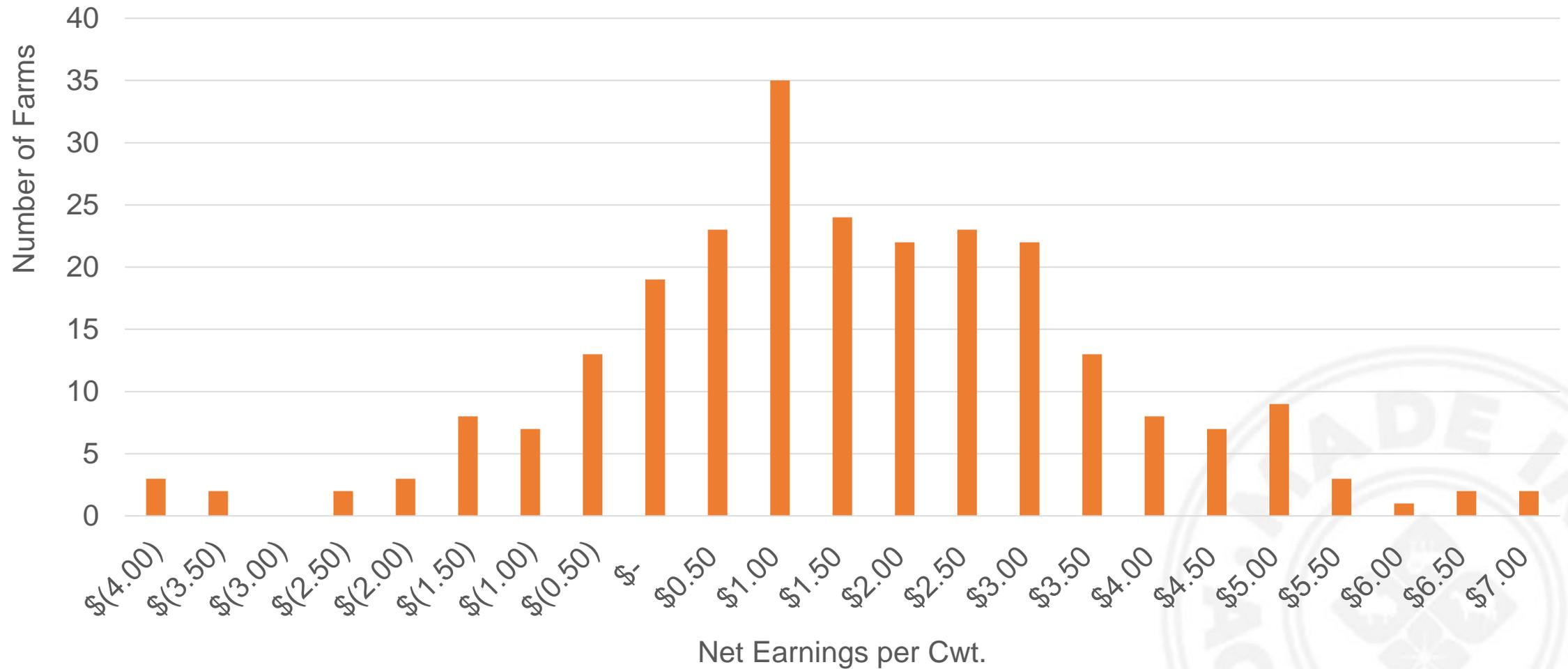
	New York		New England	
	2018	2019	2018	2019
Feed	\$6.33	\$6.21	\$7.61	\$7.64
Labor	\$3.15	\$3.19	\$3.90	\$4.31
Other Expenses	<u>\$8.96</u>	<u>\$9.01</u>	<u>\$9.45</u>	<u>\$9.32</u>
Cash Expenses	<u>\$18.44</u>	<u>\$18.41</u>	<u>\$20.96</u>	<u>\$21.27</u>
+ Depreciation	1.29	1.21	1.33	1.22
+ Family Living	0.47	0.40	0.52	0.44
Total Costs	<u>\$20.20</u>	<u>\$20.02</u>	<u>\$22.81</u>	<u>\$22.93</u>
- Nonmilk Income	2.74	2.42	2.39	1.60
NCOP	<u>\$17.46</u>	<u>\$17.59</u>	<u>\$20.42</u>	<u>\$21.33</u>

Range of 2019 Profits

	Lower 25%	All Farms	Top 25%
Average Number of Cows	350	600	693
Milk Sold per Cow	24,586	25,793	26,280
Milk Sold per Worker	1,115,517	1,337,028	1,398,483
Net Earnings			
Per Cwt.	-\$1.46	\$1.73	\$3.67
Per Cow	-\$359	\$447	\$965
Per Farm	-\$125,650	\$269,048	\$668,745
Return on Equity	-4.2%	5.4%	11.1%

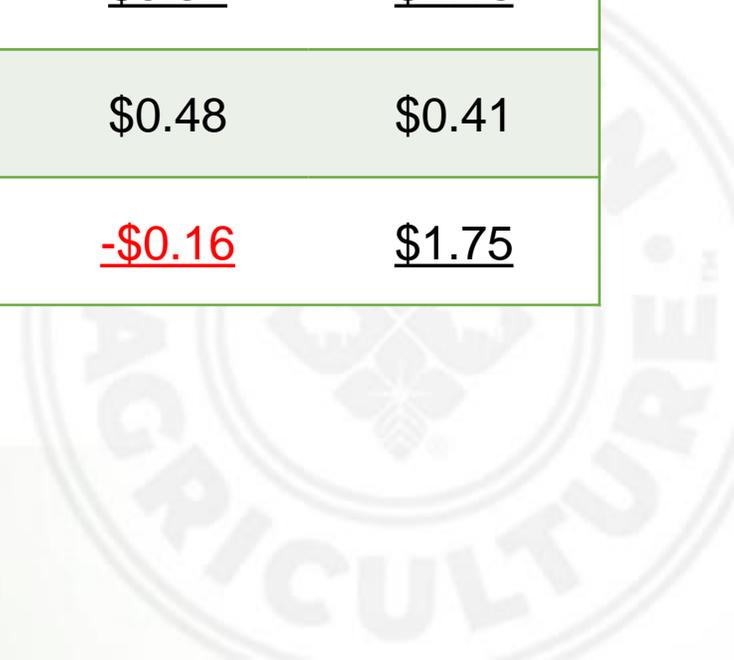


Net Earnings Distribution



Accrual Earnings per Cwt.

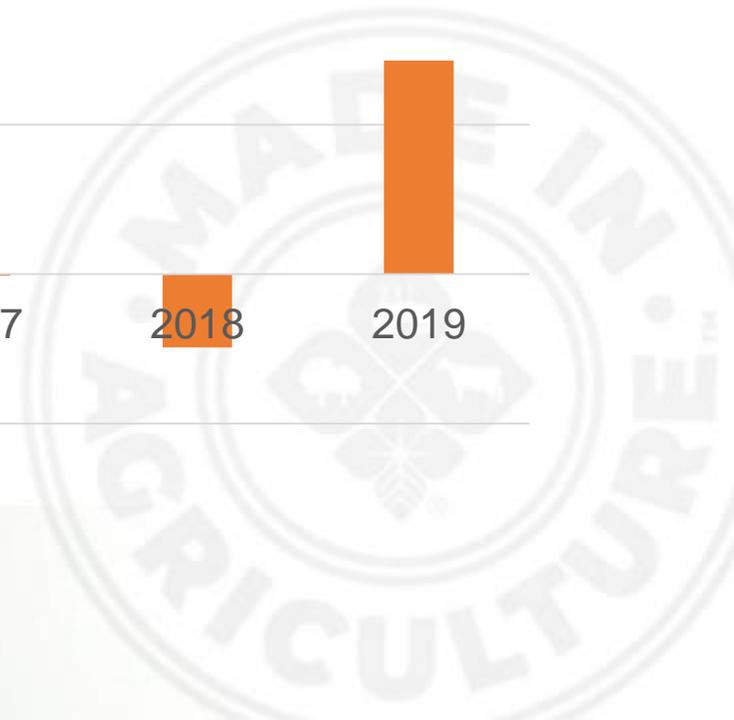
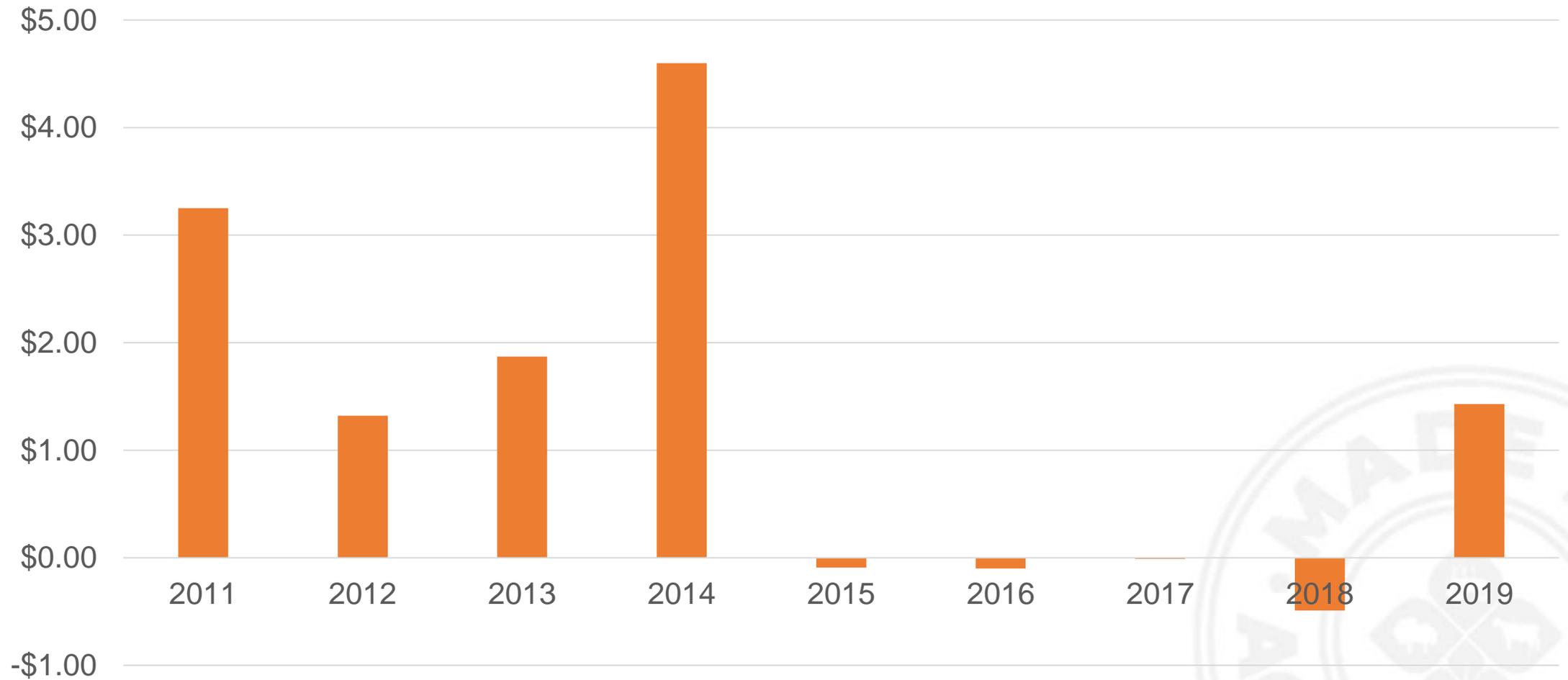
	2014	2015	2016	2017	2018	2019
Milk Price	\$25.58	\$18.24	\$16.85	\$18.32	\$17.19	\$19.18
-Variable Costs	\$18.06	\$16.23	\$14.75	\$14.93	\$14.99	\$14.90
-Fixed Costs	<u>\$5.69</u>	<u>\$5.21</u>	<u>\$4.88</u>	<u>\$4.90</u>	<u>\$4.89</u>	<u>\$4.89</u>
Net Farm Earnings	<u>\$5.49</u>	<u>\$0.57</u>	<u>\$0.64</u>	<u>\$1.64</u>	<u>\$0.32</u>	<u>\$2.16</u>
-Family Living	\$0.75	\$0.69	\$0.58	\$0.49	\$0.48	\$0.41
Net Earnings	<u>\$4.74</u>	<u>-\$0.12</u>	<u>\$0.06</u>	<u>\$1.15</u>	<u>-\$0.16</u>	<u>\$1.75</u>



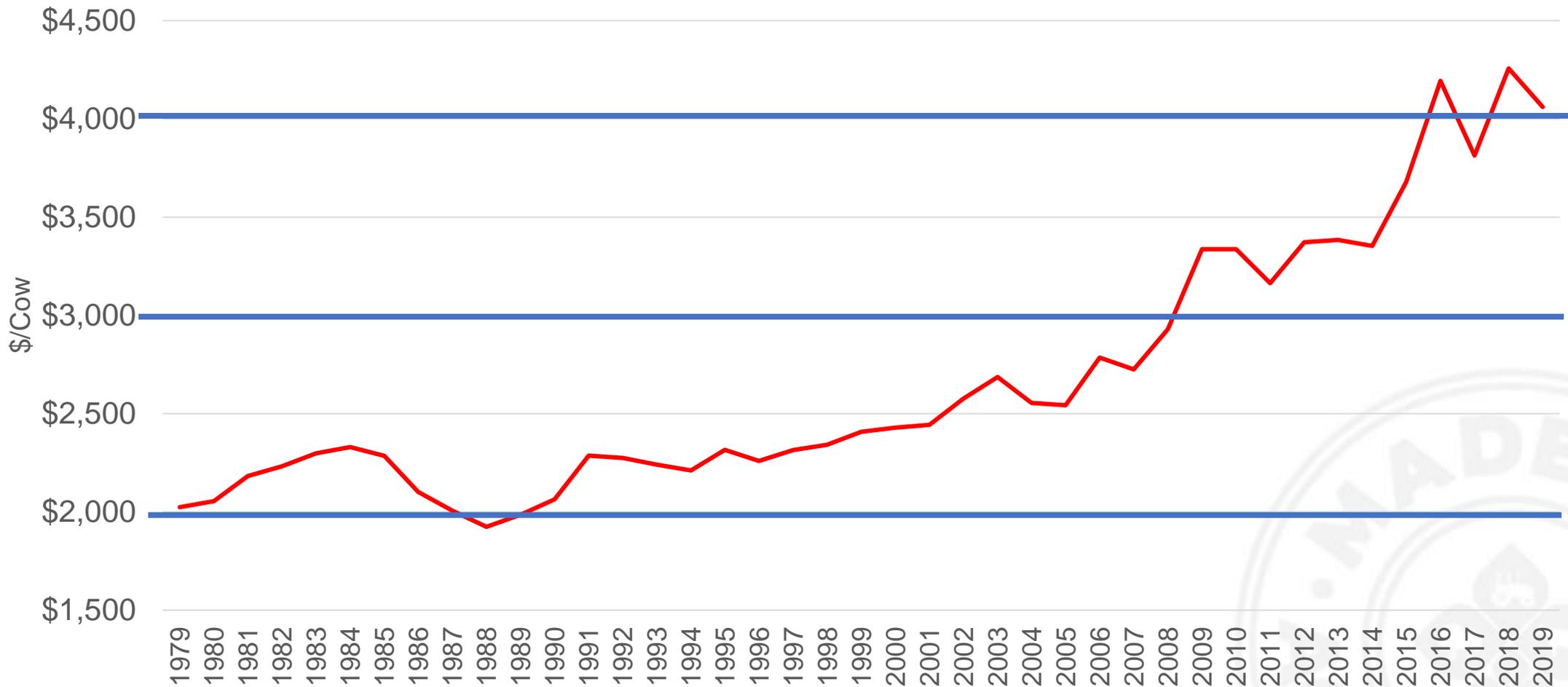
Cash Flow Analysis per Cwt.

	2014	2015	2016	2017	2018	2019
Milk Price	\$25.58	\$18.24	\$16.85	\$18.32	\$17.19	\$19.18
Cash Required	\$24.25	\$22.14	\$20.34	\$21.64	\$20.66	\$20.62
- Other Income	<u>3.37</u>	<u>3.81</u>	<u>3.39</u>	<u>3.31</u>	<u>2.98</u>	<u>2.87</u>
Breakeven Milk Price	\$20.88	\$18.33	\$16.95	\$18.33	\$17.68	\$17.75
Cash Margin	\$4.60	-\$0.09	-\$0.10	-\$0.01	-\$0.49	\$1.43

Cash Flow per Cwt.



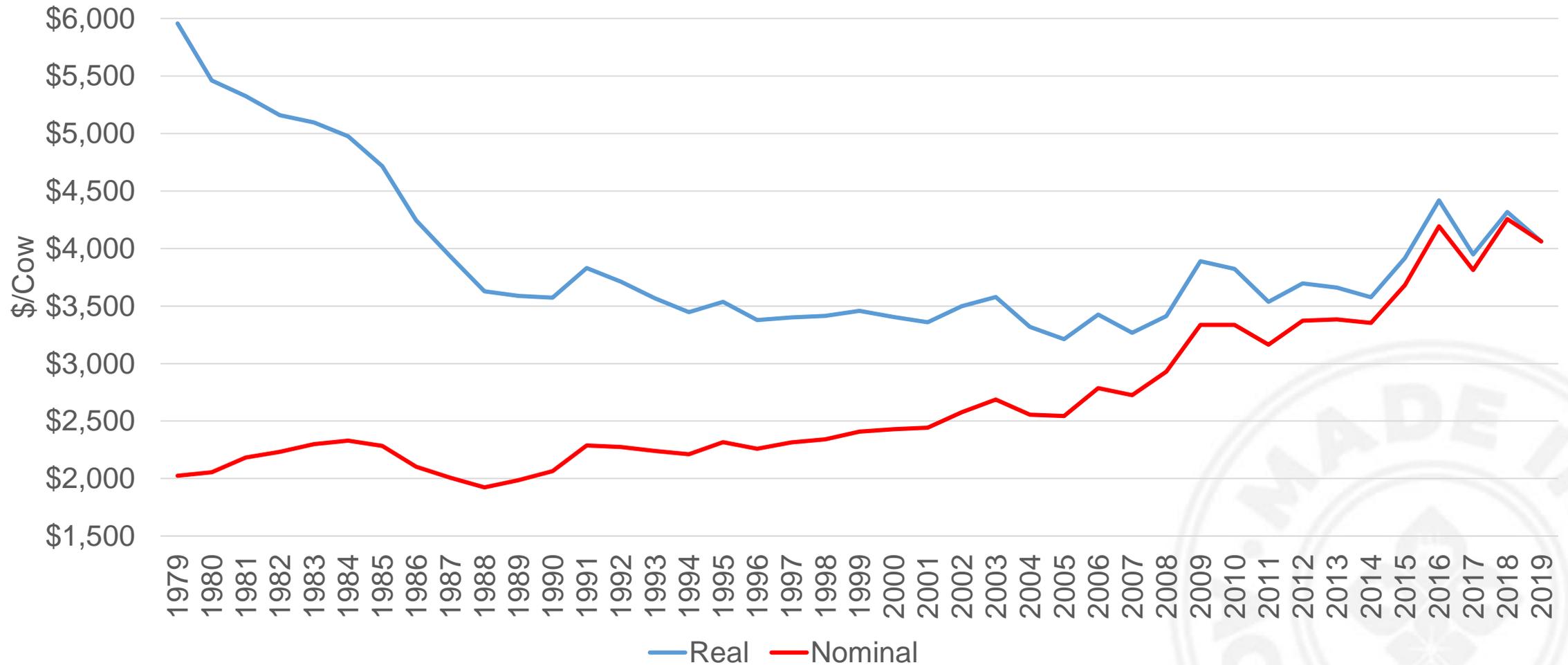
Average Total Liabilities per Cow 1979-2019



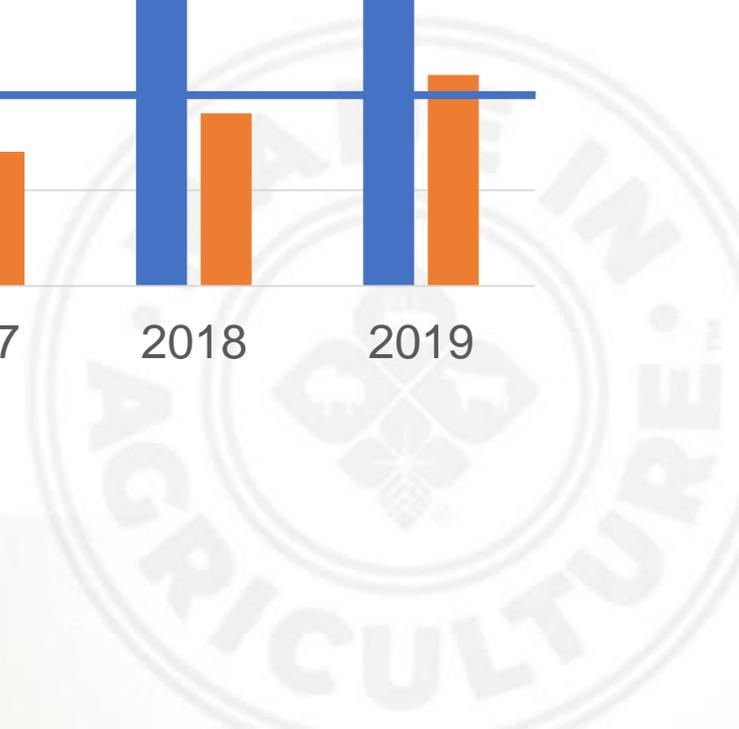
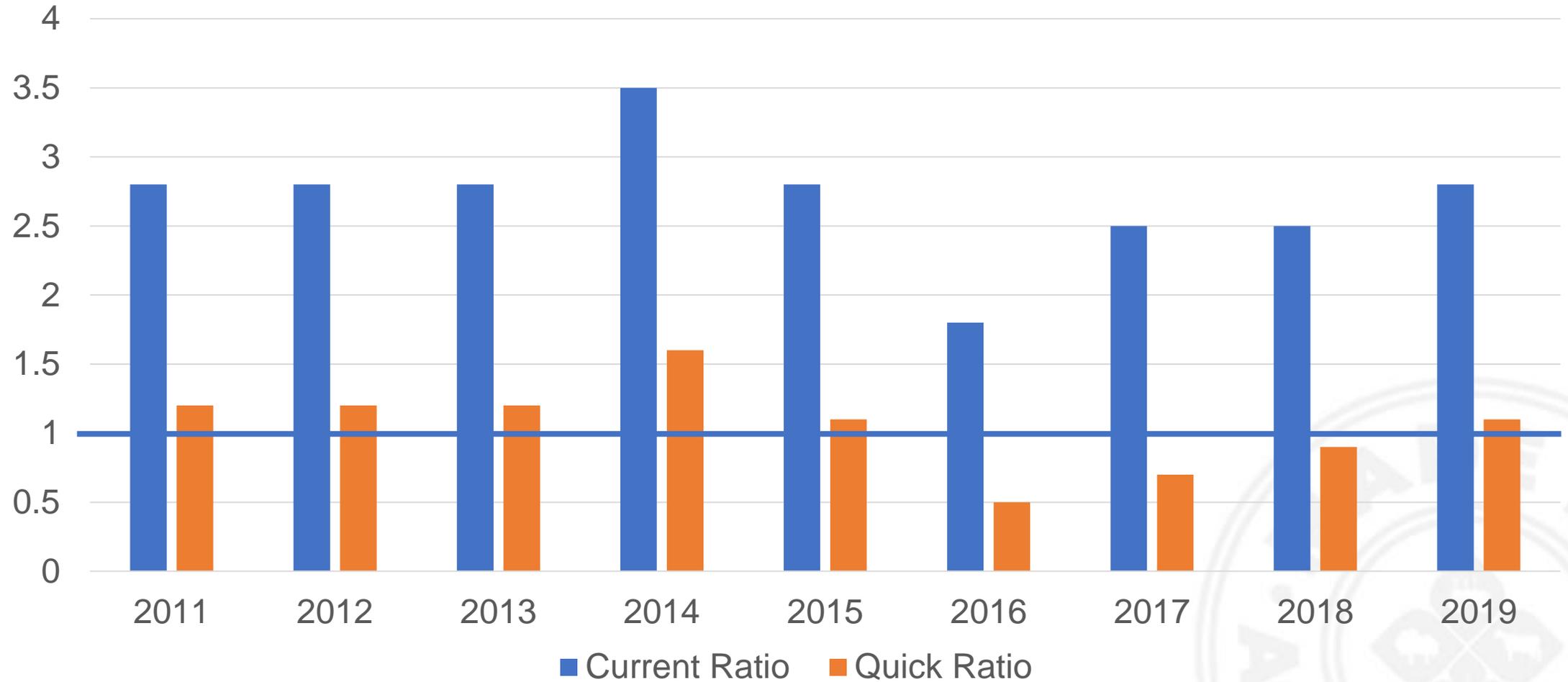
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Average Total Liabilities per Cow 1979-2019



Changes in Financial Position



Take-Aways from the 2019 *DFS*

- Profitability improved significantly, largely due to increased milk prices and farmers keeping costs under control
- Wide range of results continues
- Average farm size continues to grow
- Positive correlations between farm size and profitability, however not all large farms did well
 - Only 1/3 of 700+ cow farms made top profit quartile
- Cash flow back to positive territory
 - Many farms still recovering from prior years
- Great deal of uncertainty going forward





Questions?

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