

# The 2023 *Northeast Dairy Farm Summary*

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# Agenda

Review of 2023  
financial results

2024 mid-year  
outlook

Audience  
questions



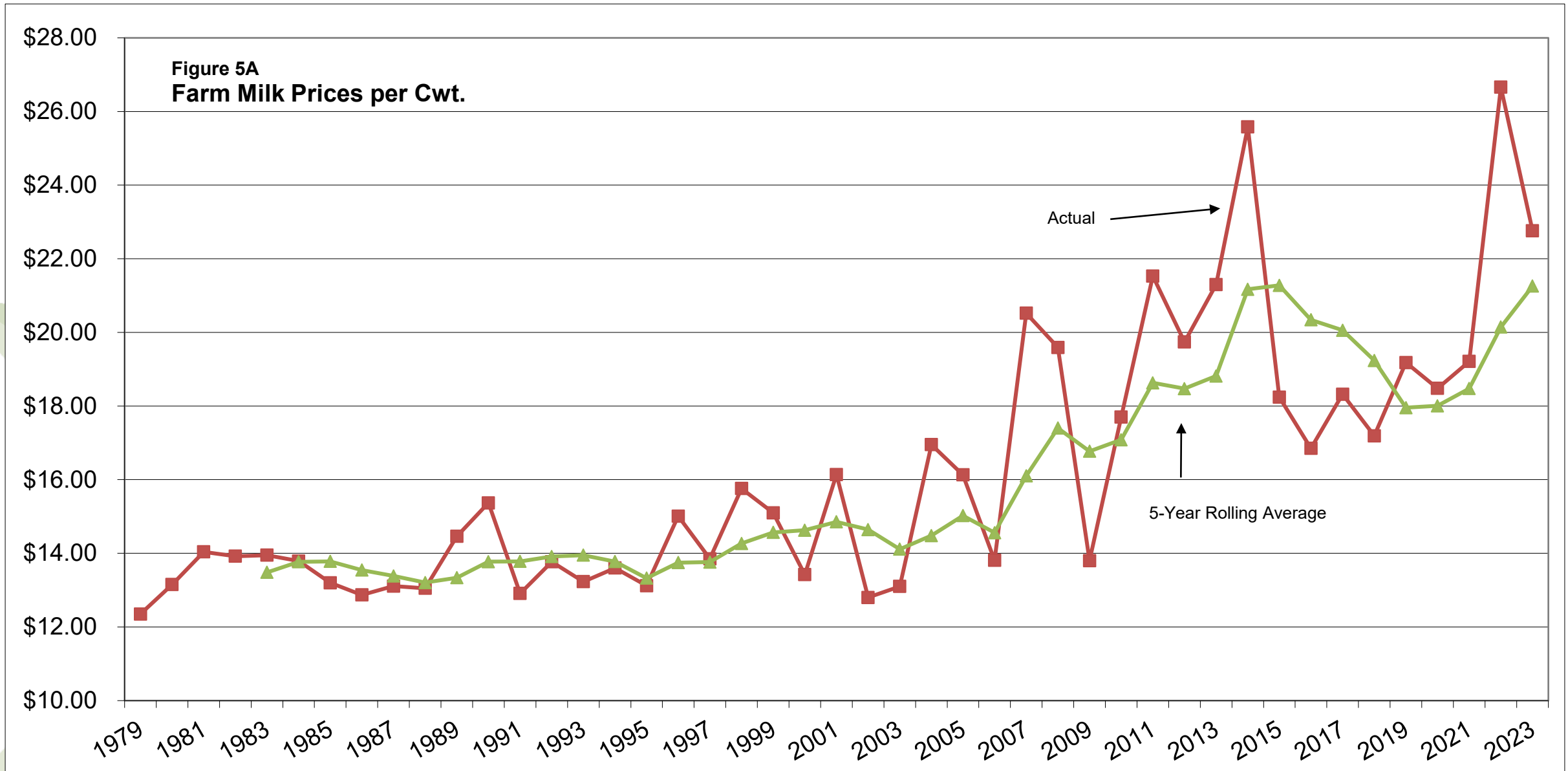
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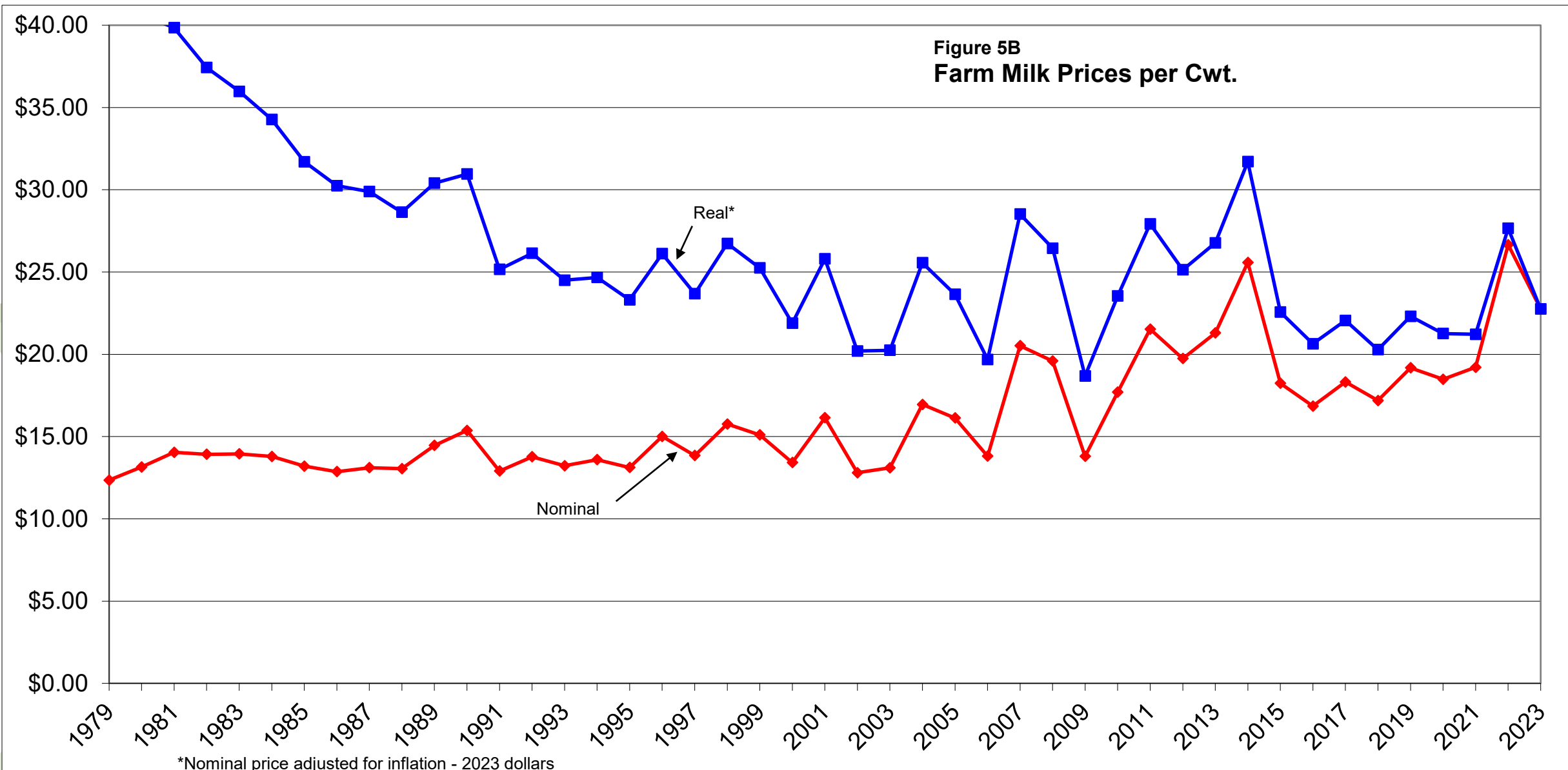
# Key Points

- Net earnings: \$292 per cow in 2023, down from \$945 per cow in 2022
- Total costs increased, while milk prices declined
- This year's sample was 283 farms, including 143 from PA
- Cash flow was insufficient, on average, to meet all financial commitments, resulting in a cash margin of  $\$(0.40)/\text{cwt}$
- Total liabilities per cow rose to \$5,976
- 2023 Milk price: \$22.76, \$3.90 below 2022
- NCOP: \$22.64, \$0.23 below 2022

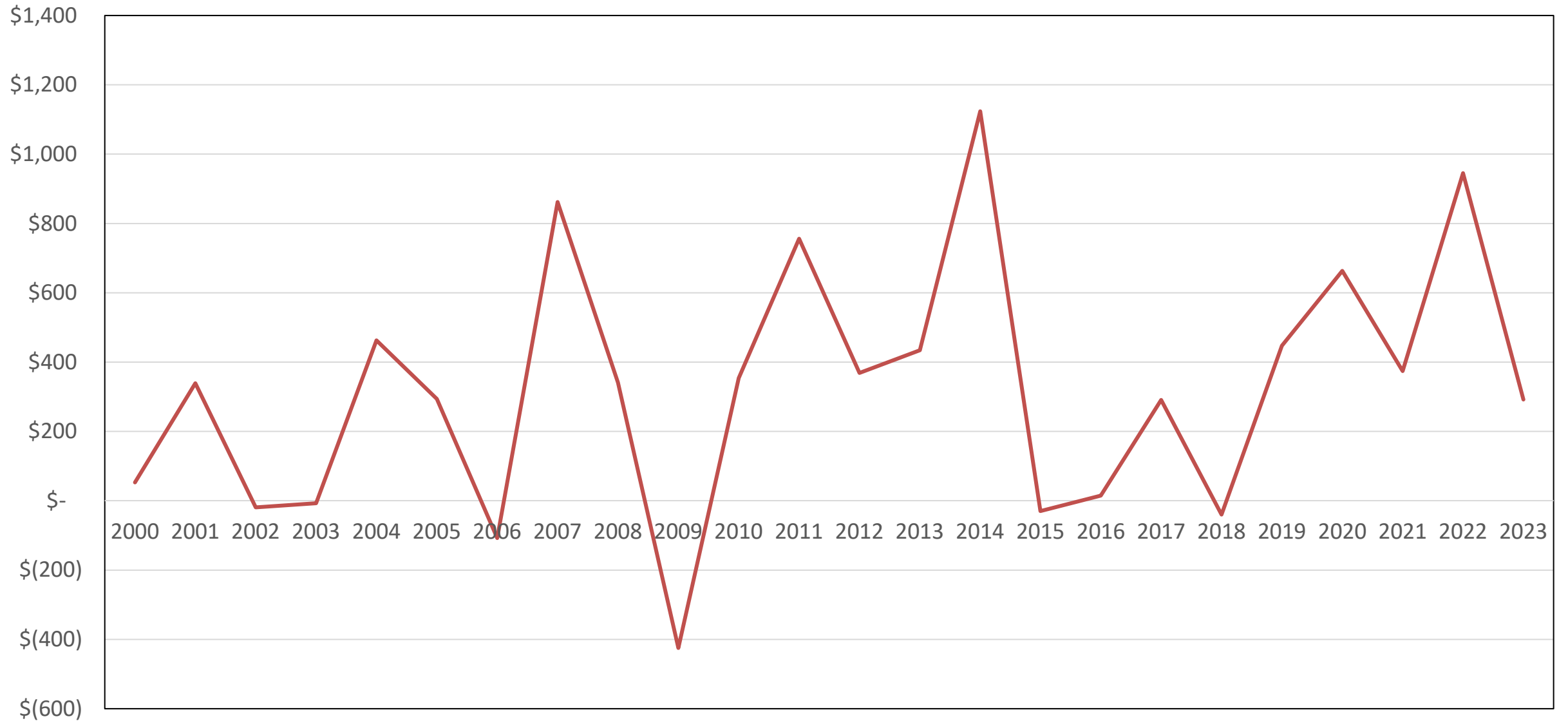
# Farm Milk Prices per Cwt.



# Farm Milk Prices per Cwt.



# Net Earnings per Cow 2000-2023



# Net Cost of Production 2019-2023

	2019	2020	2021	2022	2023
Cash Expenses	\$18.59	\$19.29	\$19.79	\$24.29	\$24.98
+ Depreciation	\$1.20	\$1.16	\$1.31	\$1.82	\$1.92
+ Family Living	\$0.41	\$0.34	\$0.40	\$0.70	\$1.13
Total Costs	<u>\$20.20</u>	<u>\$20.79</u>	<u>\$21.50</u>	<u>\$26.81</u>	<u>\$28.03</u>
- Non-milk Farm Income	\$2.39	\$2.68	\$2.90	\$3.94	\$5.39
Net Cost of Production	<u>\$17.81</u>	<u>\$18.11</u>	<u>\$18.60</u>	<u>\$22.87</u>	<u>\$22.64</u>

# Net Cost of Production by Region, 2023

	New York & New England	Pennsylvania
<b>Feed</b>	\$8.31	\$7.56
<b>Labor</b>	\$3.11	\$2.56
<b>Crop Inputs</b>	\$1.64	\$1.94
<b>Other Expenses</b>	\$13.03	\$11.75
<b>Cash Expenses</b>	<u>\$26.09</u>	<u>\$23.81</u>
<b>+ Depreciation</b>	1.80	2.10
<b>+ Family Living</b>	0.71	1.55
<b>Total Costs</b>	<u>\$28.61</u>	<u>\$27.46</u>
<b>- Nonmilk Income</b>	5.96	4.81
<b>NCOP</b>	<u>\$22.65</u>	<u>\$22.65</u>



# Range of 2023 Earnings

	Lower 25%	All Farms	Top 25%
<b>Average Number of Cows</b>	743	726	656
<b>Milk Sold per Cow</b>	25,243	24,989	25,768
<b>Milk Sold per Worker</b>	1,320,806	1,224,461	1,397,032
<b>Milk Price</b>	\$21.16	\$22.76	\$23.29
<b>Net Earnings</b>			
<b>Per Cwt.</b>	-\$1.32	\$1.17	\$3.85
<b>Per Cow</b>	-\$333	\$292	\$991
<b>Per Farm</b>	-\$274,419	\$211,992	\$650,096
<b>Return on Equity</b>	-3.2%	2.3%	7.3%

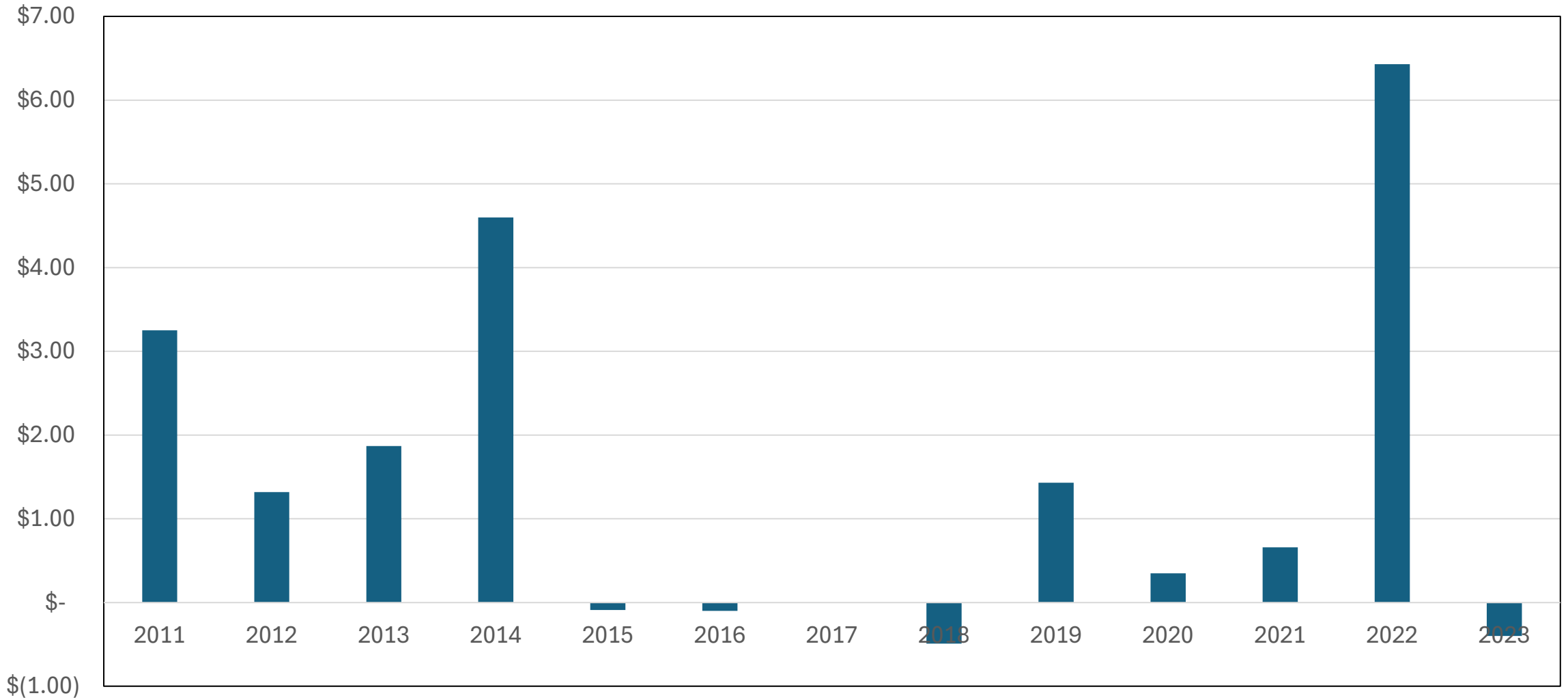
# Farm Size and Profitability

	299 Cows or Fewer	300-699 Cows	700+ Cows
Average Number of Cows	168	471	1,540
Milk Sold Per Cow (lbs)	23,055	25,032	26,880
Milk Sold Per Worker	993,138	1,310,008	1,417,644
NCOP	\$23.19	\$23.47	\$21.42
Milk Price per Cwt.	\$22.91	\$22.91	\$22.47
Assets per Cow	\$24,459	\$16,576	\$14,575
Percent Net Worth	68%	70%	66%
Net Earnings per Cow	\$265	\$191	\$420
Return on Assets	2.5%	2.8%	4.5%

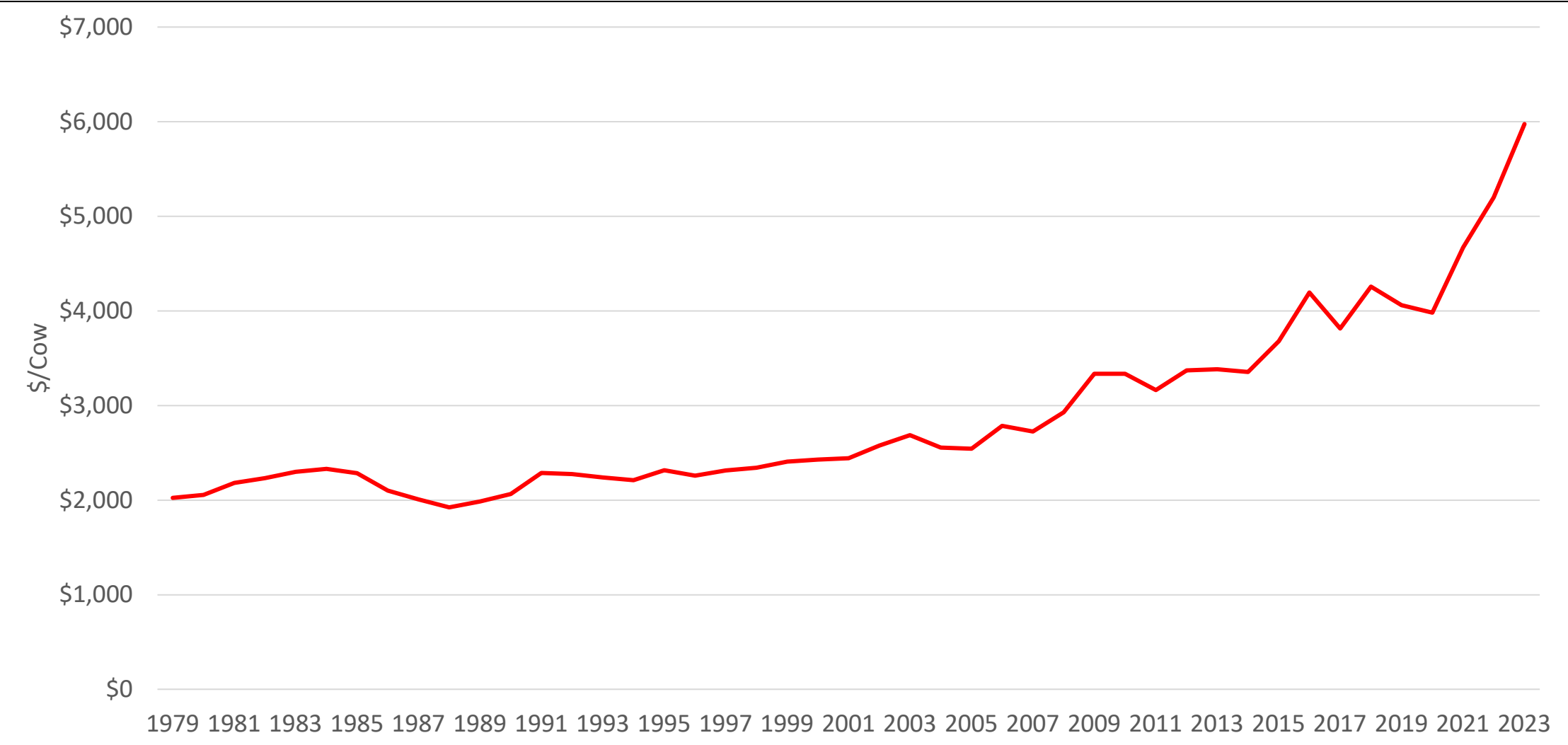
# Cash Flow Analysis per Cwt.

	2019	2020	2021	2022	2023
<b>Milk Price</b>	\$19.18	\$18.48	\$19.21	\$26.66	\$22.76
<b>Cash Required</b>	\$20.62	\$21.18	\$21.80	\$23.79	\$28.55
<b>- Other Farm Income</b>	<u>2.87</u>	<u>3.05</u>	<u>3.25</u>	<u>3.56</u>	<u>5.39</u>
<b>Breakeven Milk Price</b>	\$17.75	\$18.13	\$18.55	\$20.23	\$23.16
<b>Cash Margin</b>	\$1.43	\$0.35	\$0.66	\$6.43	-\$0.40

# Cash Flow Analysis per Cwt.



# Average Total Liabilities per Cow 1979-2023



# Key Points

- Profitability declined, as milk prices fell, while input costs remained elevated.
- Cash flow, including debt service, shifted negative.
- 2023 Milk price: \$22.76, \$3.90 below 2022
- NCOP: \$22.64, \$0.23 below 2022
- Positive correlations between farm size and profitability, but:
- Wide range of financial results among farms
- Differences seen between PA farms and NY/NE farms (at least in our sample)

# Questions?

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- [FarmCreditEast.com/webinars](http://FarmCreditEast.com/webinars)

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