



2016 Northeast Dairy Farm Summary & Current Dairy Situation



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Director of Knowledge Exchange

Agenda



Review: 2016 Financial Results from the *Northeast Dairy Farm Summary*



Panel Discussion: Takeaways from the report, and the current economic situation for Northeast dairy.



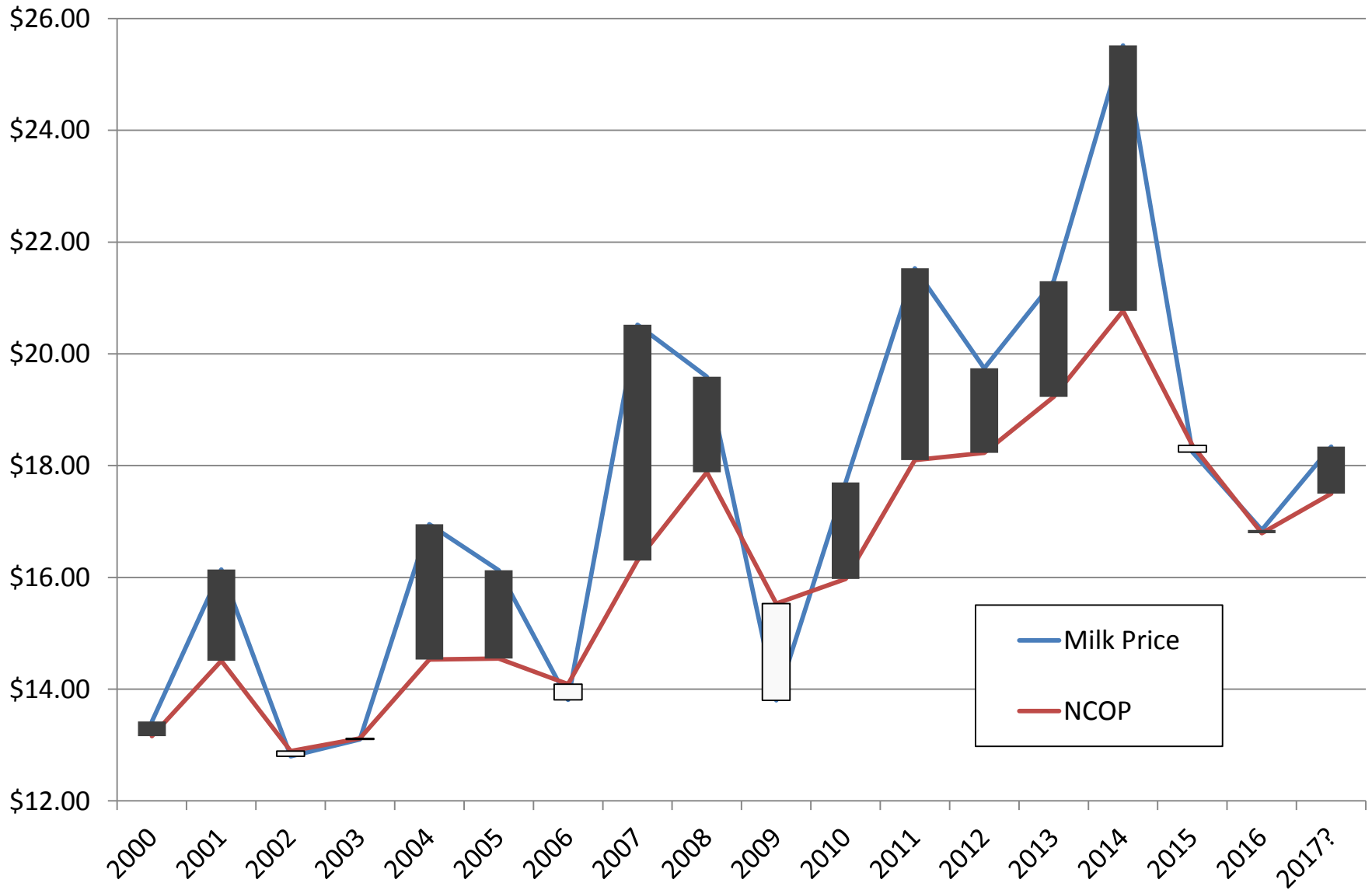
Audience Questions

Key Points

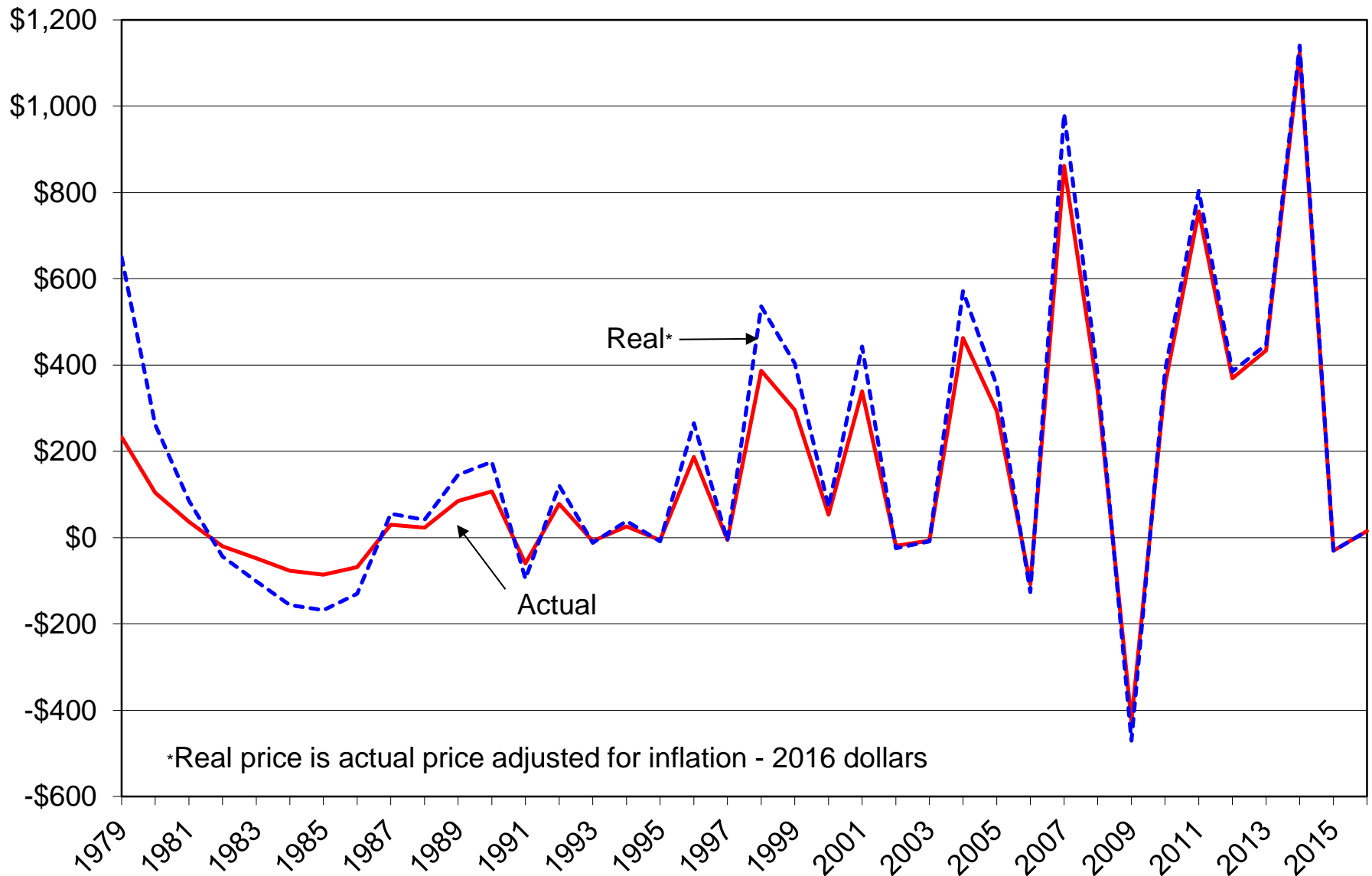
- 457 farms participated in the 2016 *DFS*
- 2016 Milk Price: \$16.85 (down \$1.39)
- 2016 Profitability: \$15/cow
- 2015 Profitability: \$-30/cow
- **NCOP down to \$16.79, from \$18.36 in 2015 (down \$1.57/cwt)**
- Productivity increased
- Cash flow insufficient to make all payments
- Debt-per-cow increased 14%



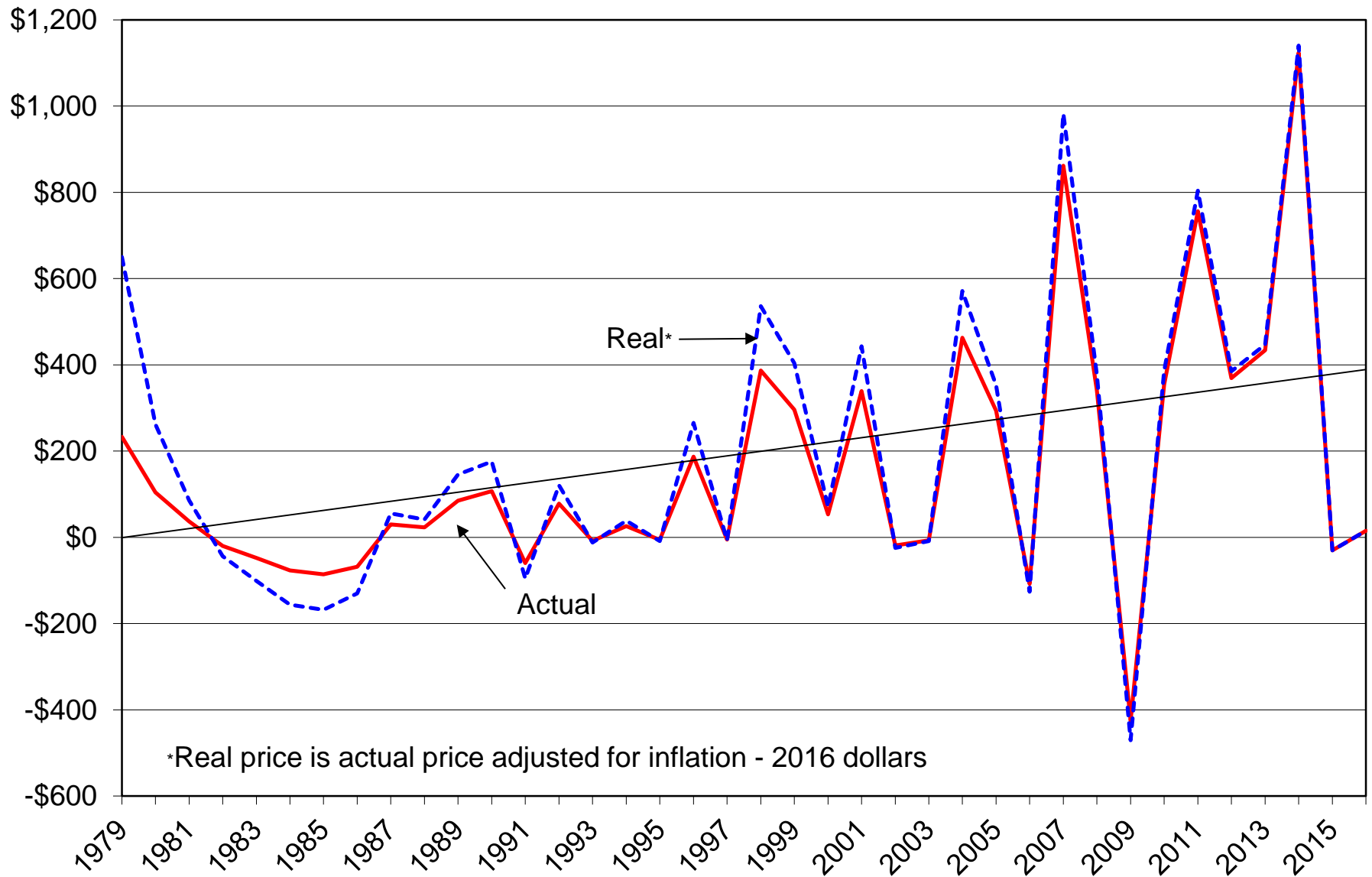
Net Margin 2000-2017



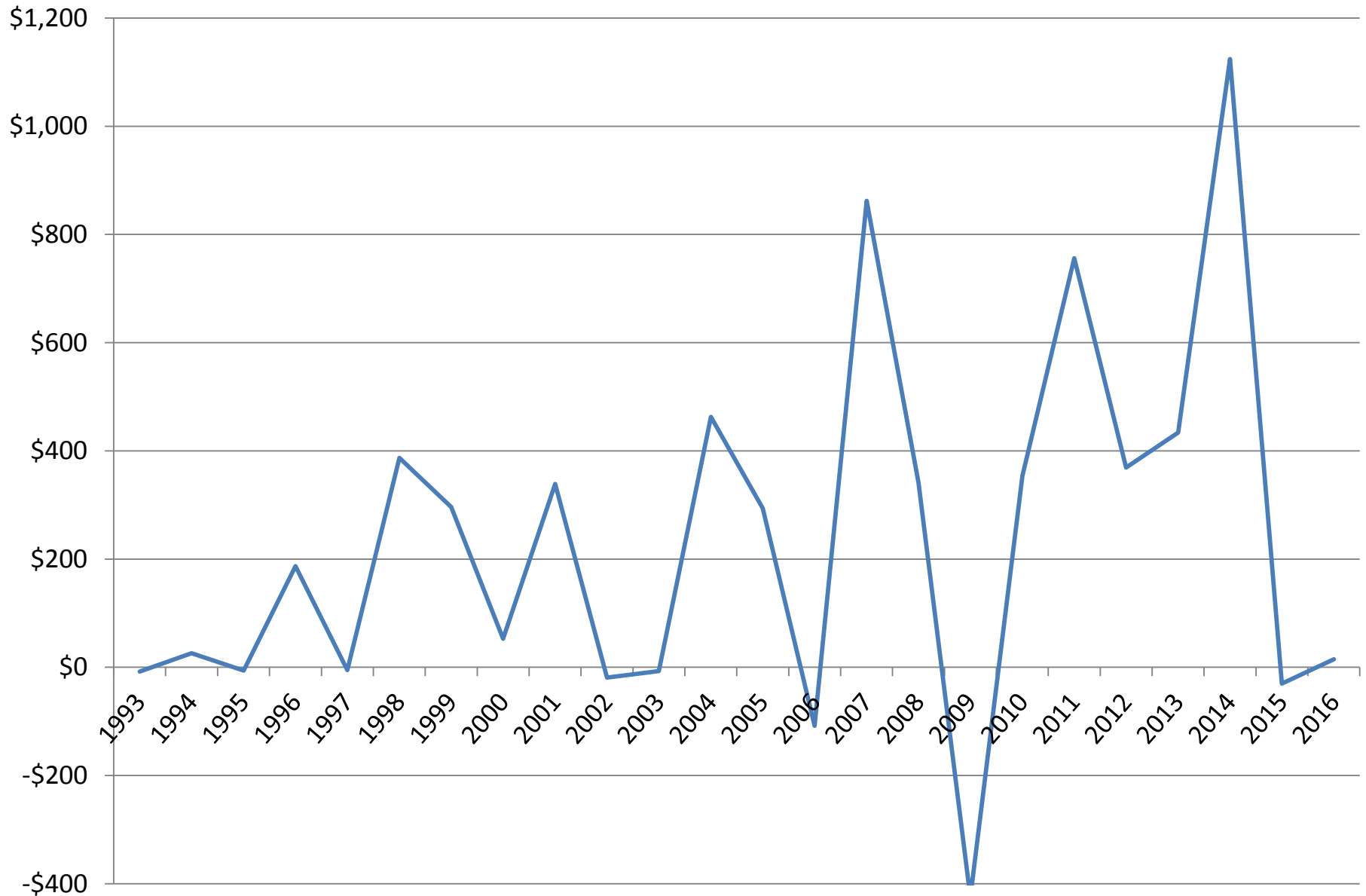
Net Earnings per Cow 1979-2016



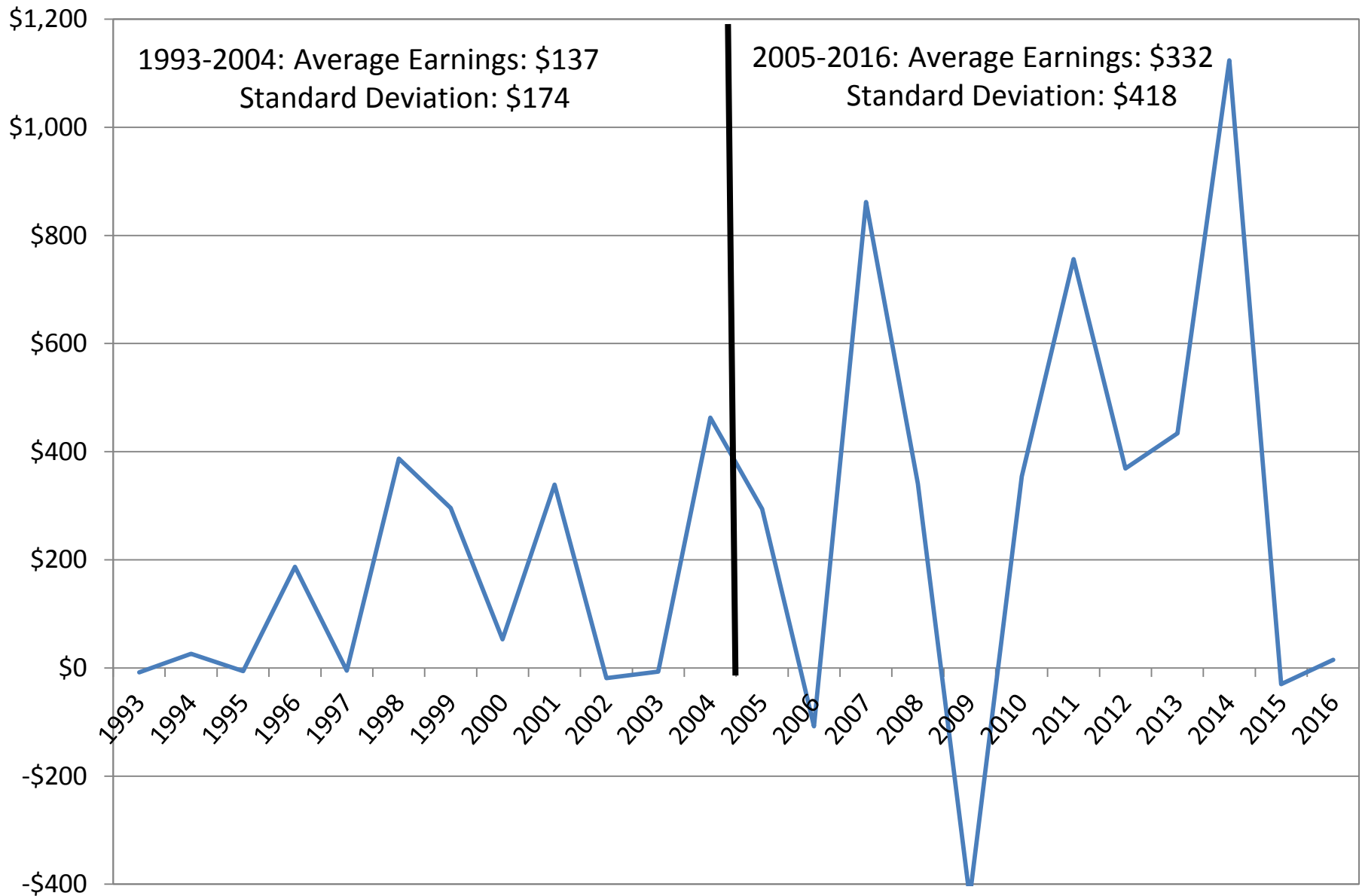
Net Earnings per Cow 1979-2016



Net Earnings per Cow 1993-2016

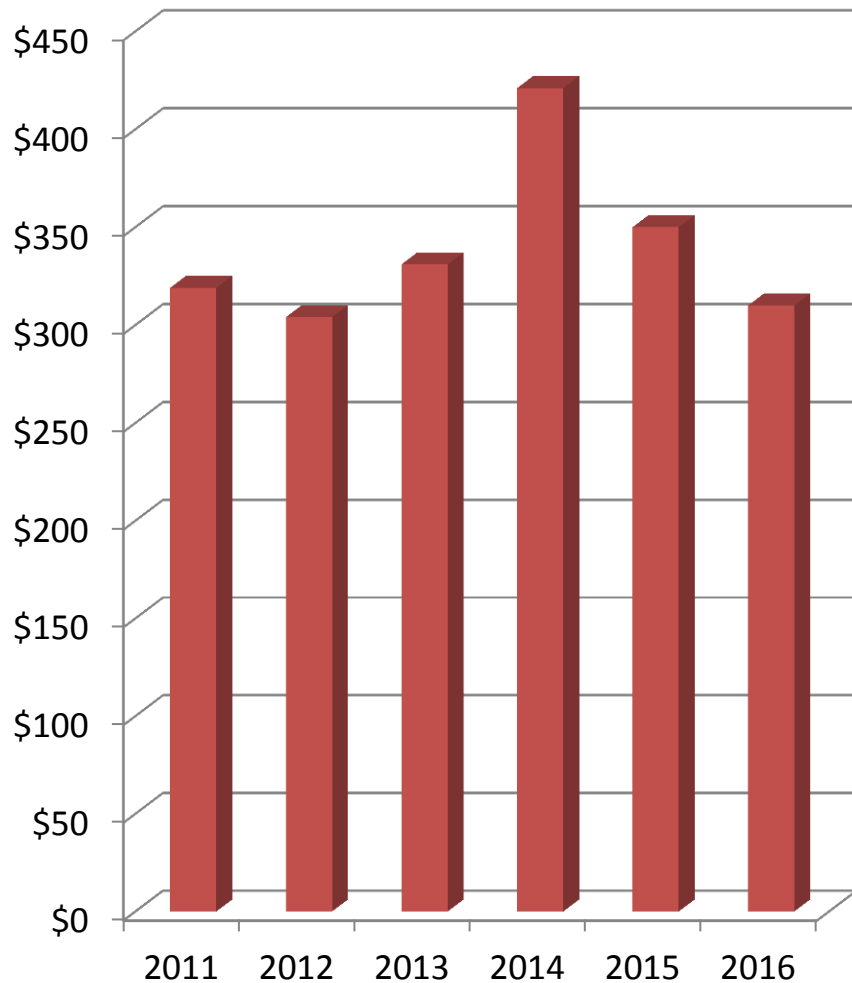


Net Earnings per Cow 1993-2016

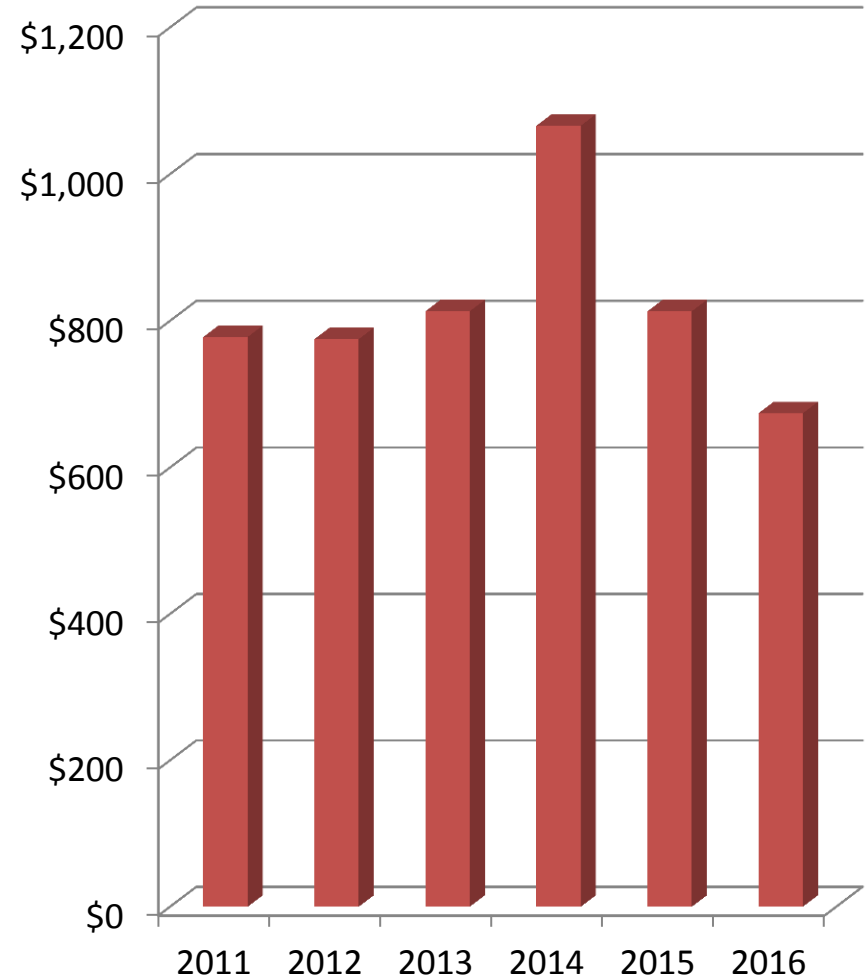


Changes in Expenditures

Repairs & Maintenance, per Cow

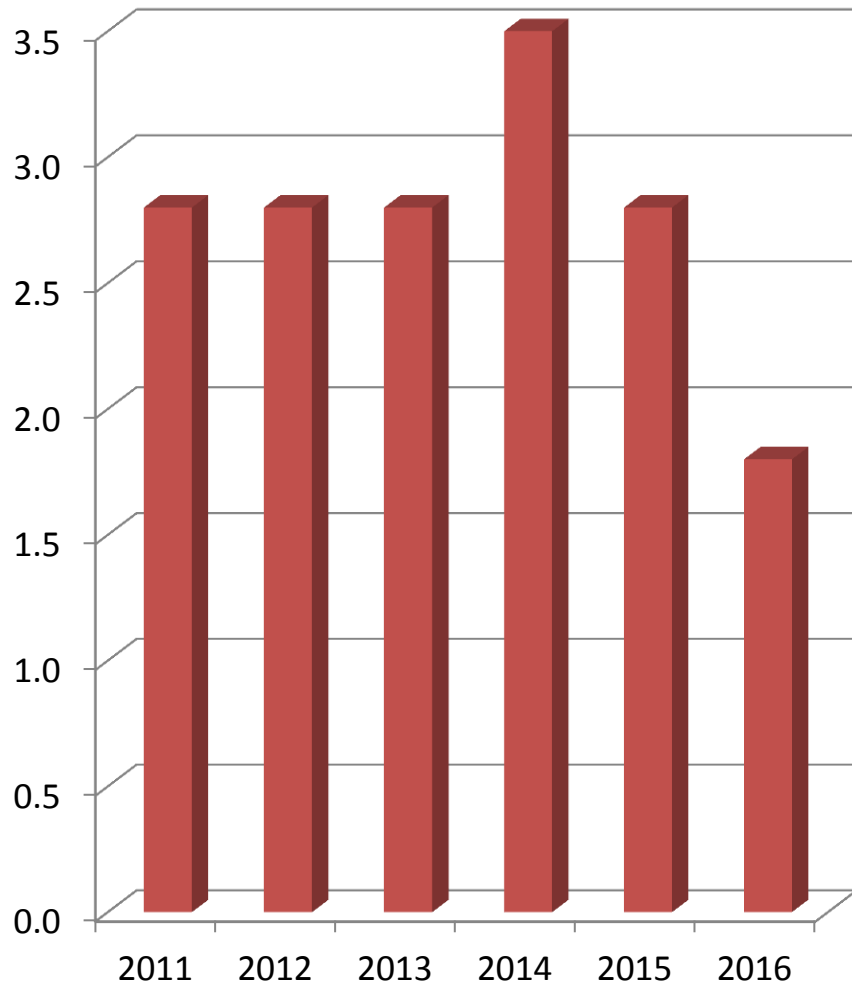


Capital Purchases, per Cow

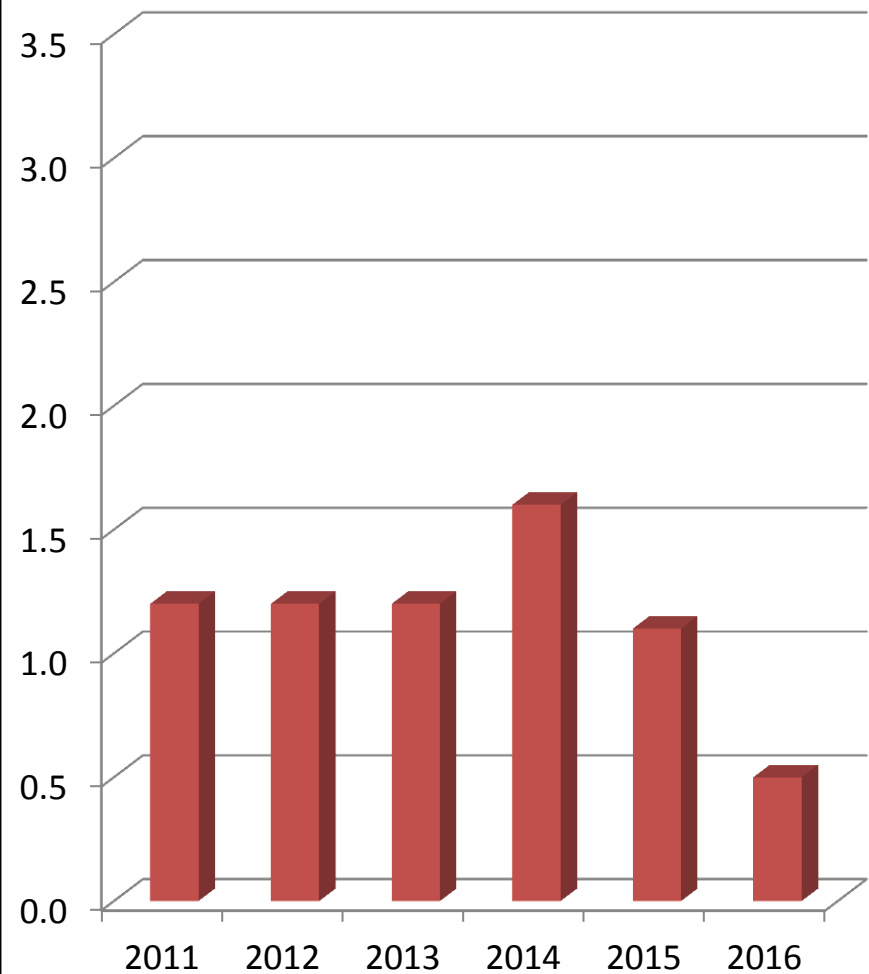


Changes in Financial Position

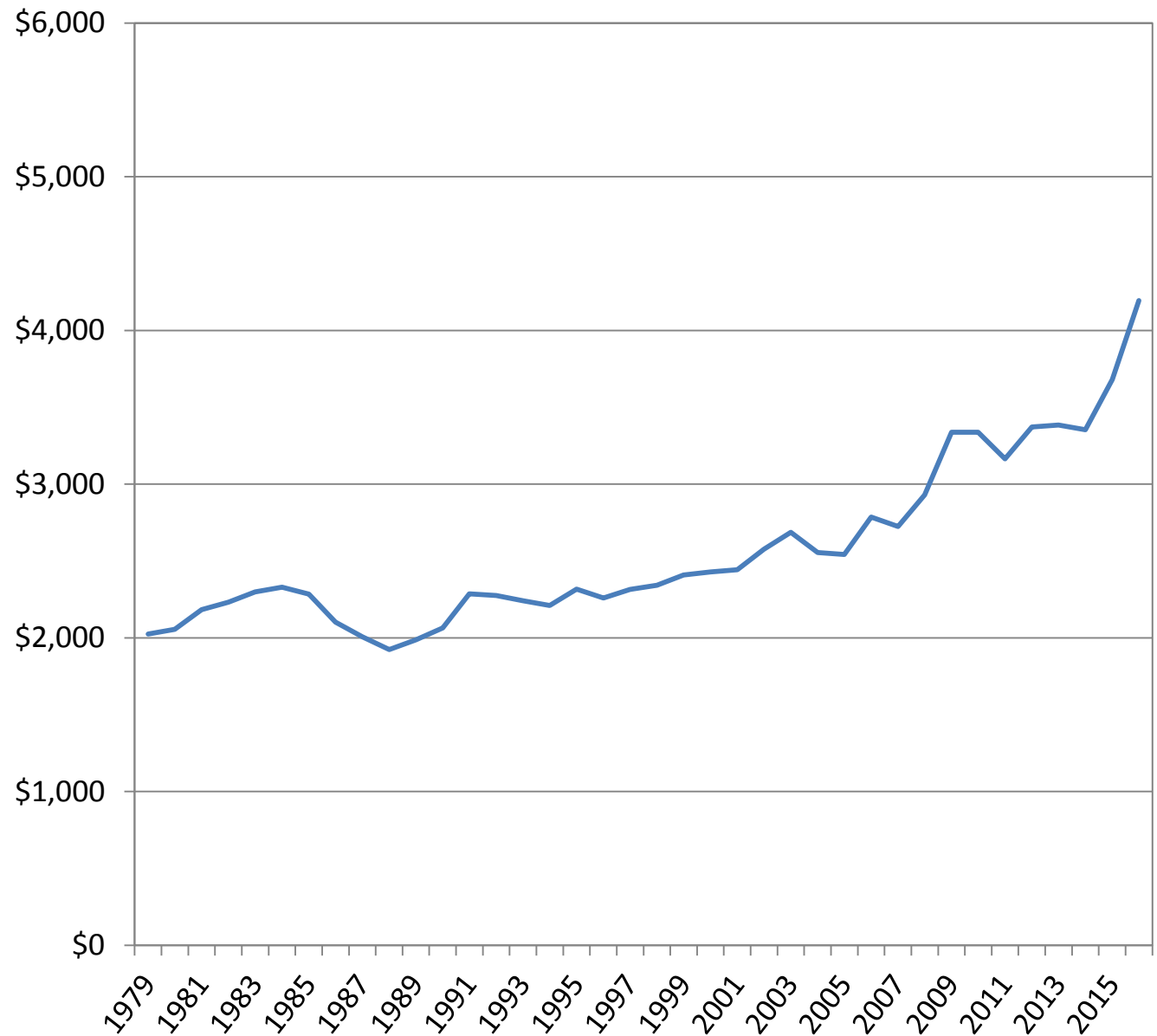
Current Ratio



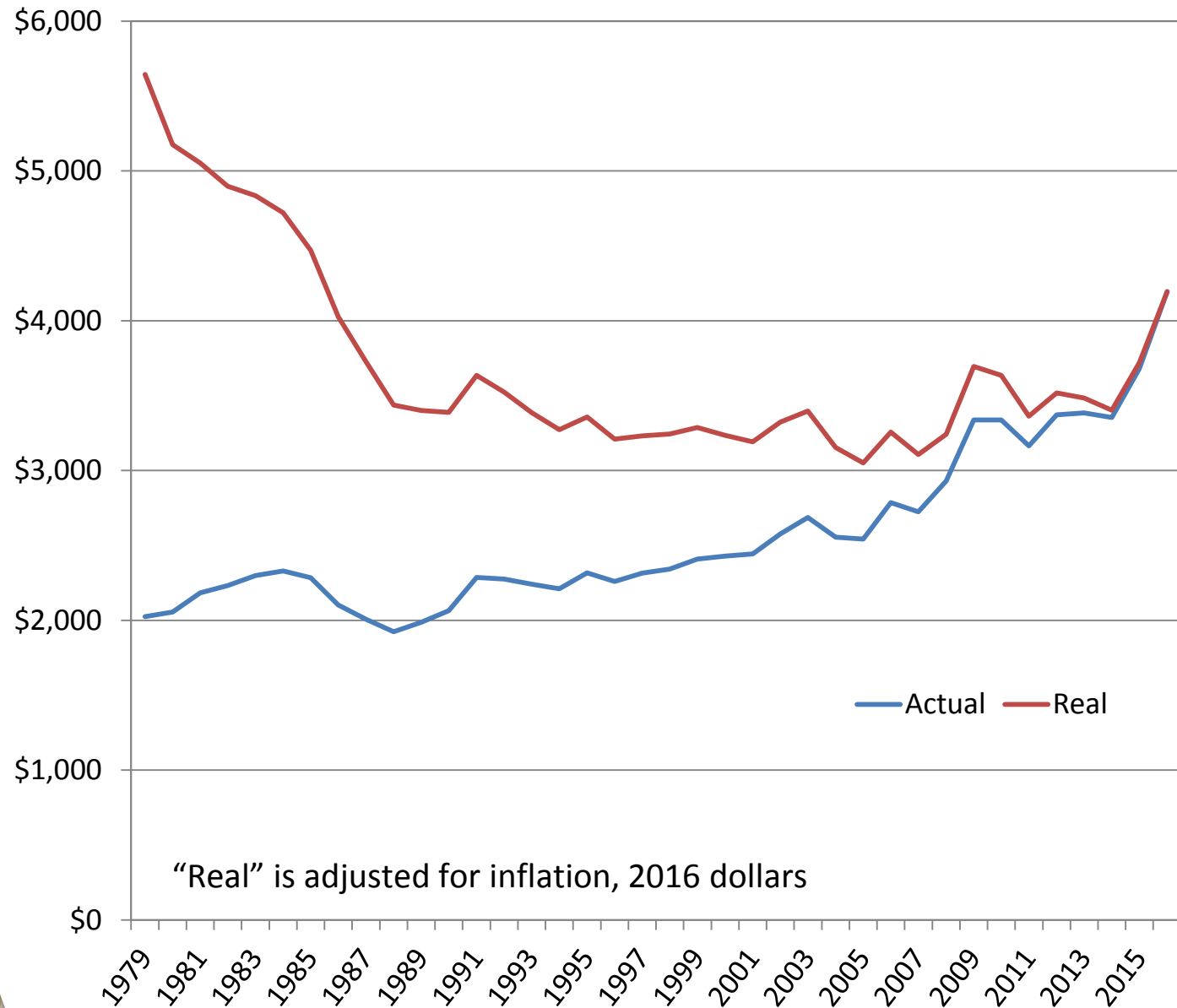
Quick Ratio



Growth in Debt-per-Cow



Growth in Debt-per-Cow



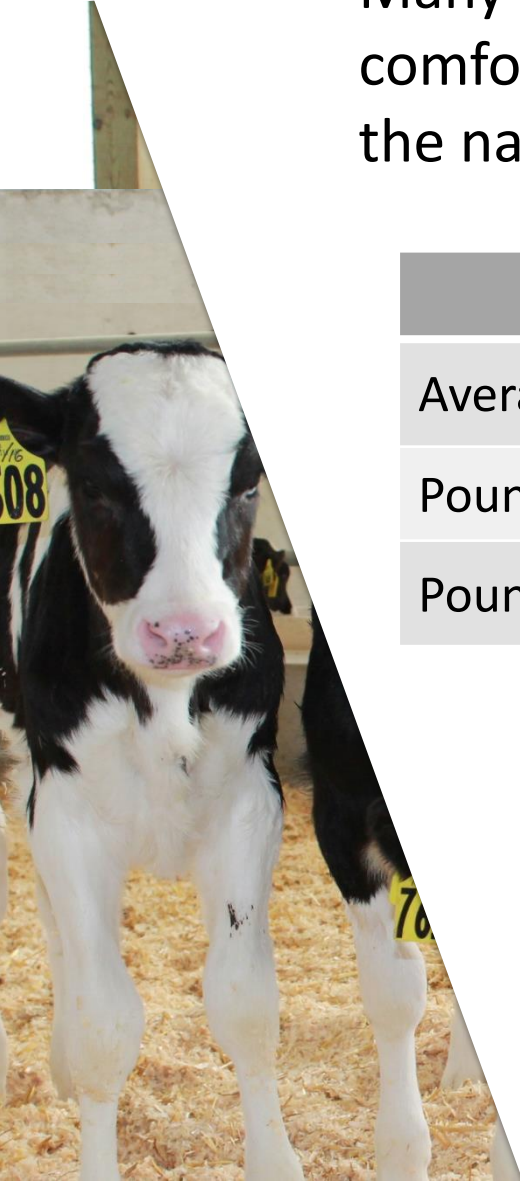
Selected Cost Categories

\$/Cwt.	2014	2015	2016	Change ('14-16)
Feed	\$7.99	\$7.12	\$6.24	-22%
Labor	3.34	3.27	3.20	-4%
Fuel	1.08	0.68	0.52	-52%
Supplies	1.25	1.18	1.09	-13%
Repairs	1.73	1.43	1.23	-29%
Crop Inputs	1.64	1.40	1.21	-26%
Other Expenses	6.27	5.91	5.73	-9%

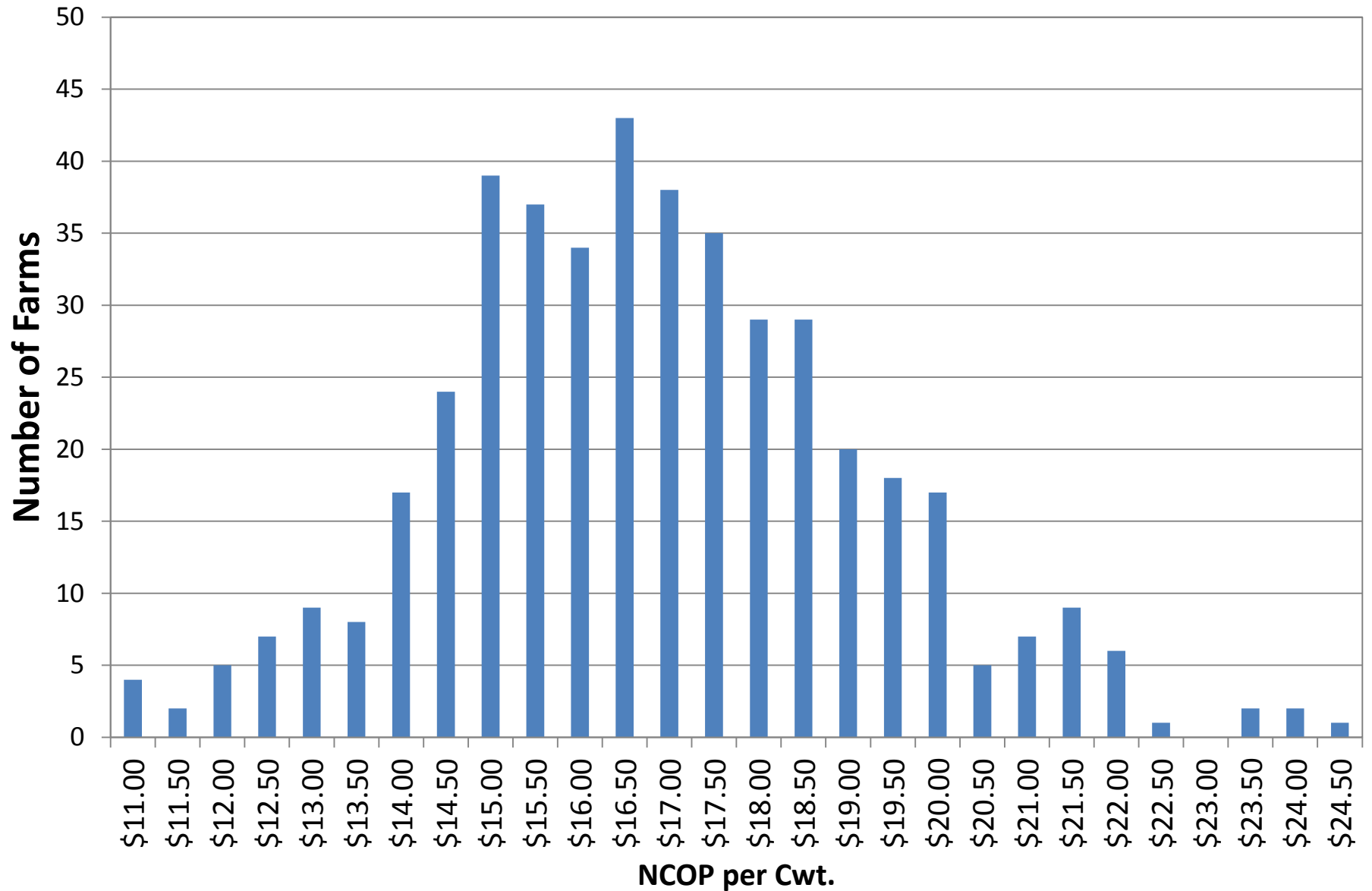
Investing in Efficiency

Many farms have been investing in labor efficiency, cow comfort, optimizing nutrition, improved genetics – all in the name of greater efficiency, and it's been paying off:

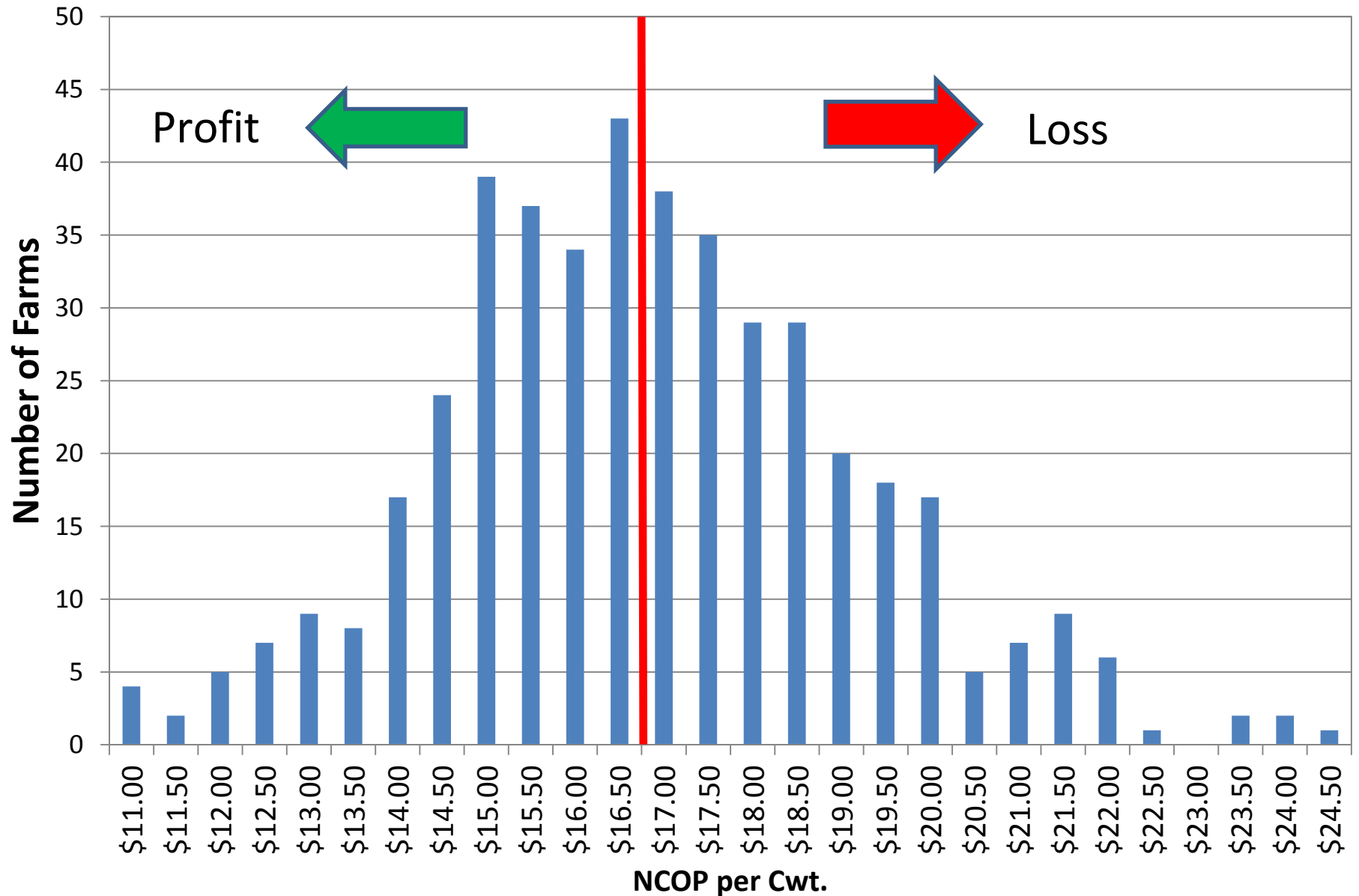
	2006	2016	% Change
Average Cows/Worker	44	48	9%
Pounds/Cow	21,782	25,239	16%
Pounds Milk/Worker	958,418	1,210,871	26%



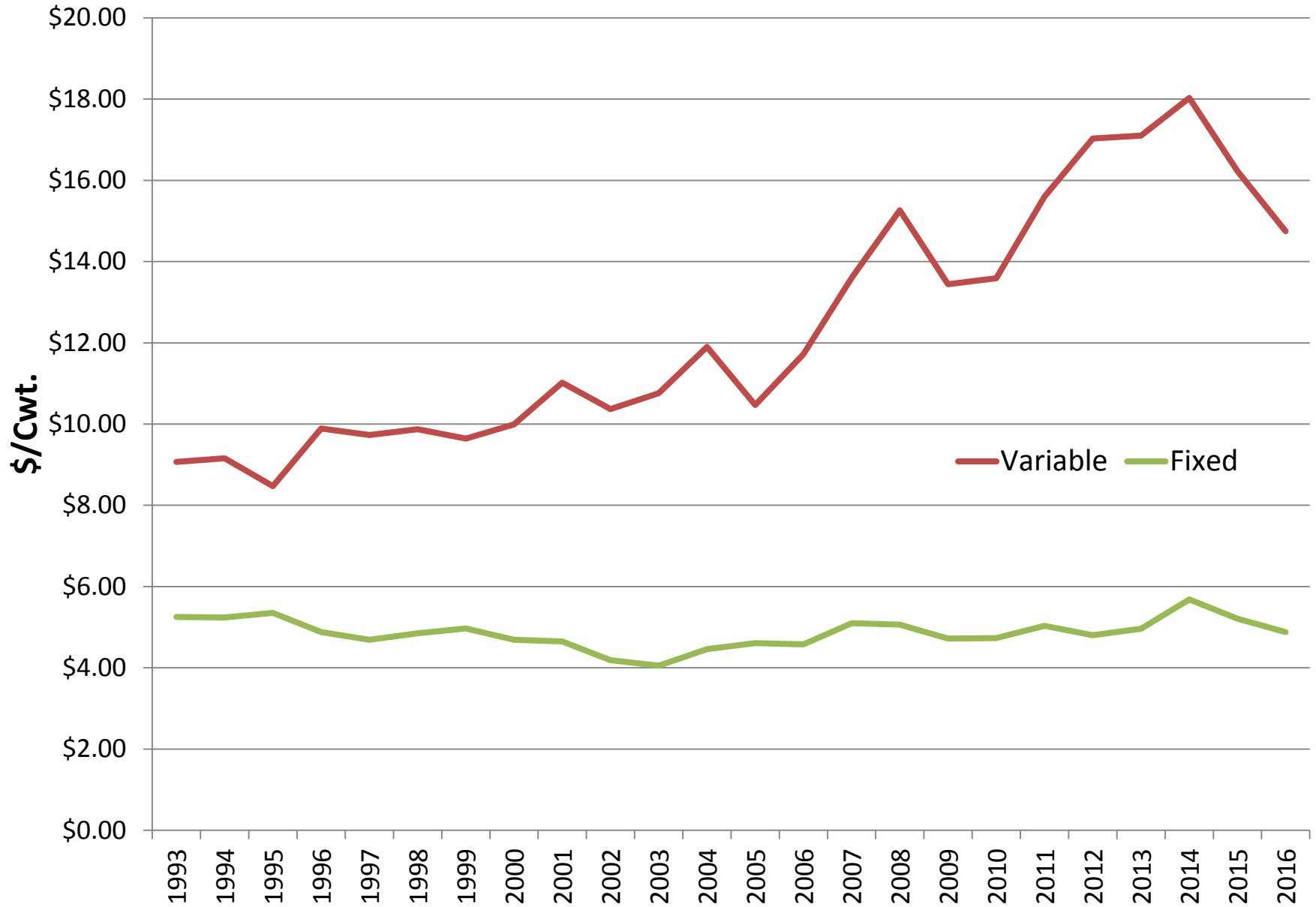
Net Cost of Production Distribution



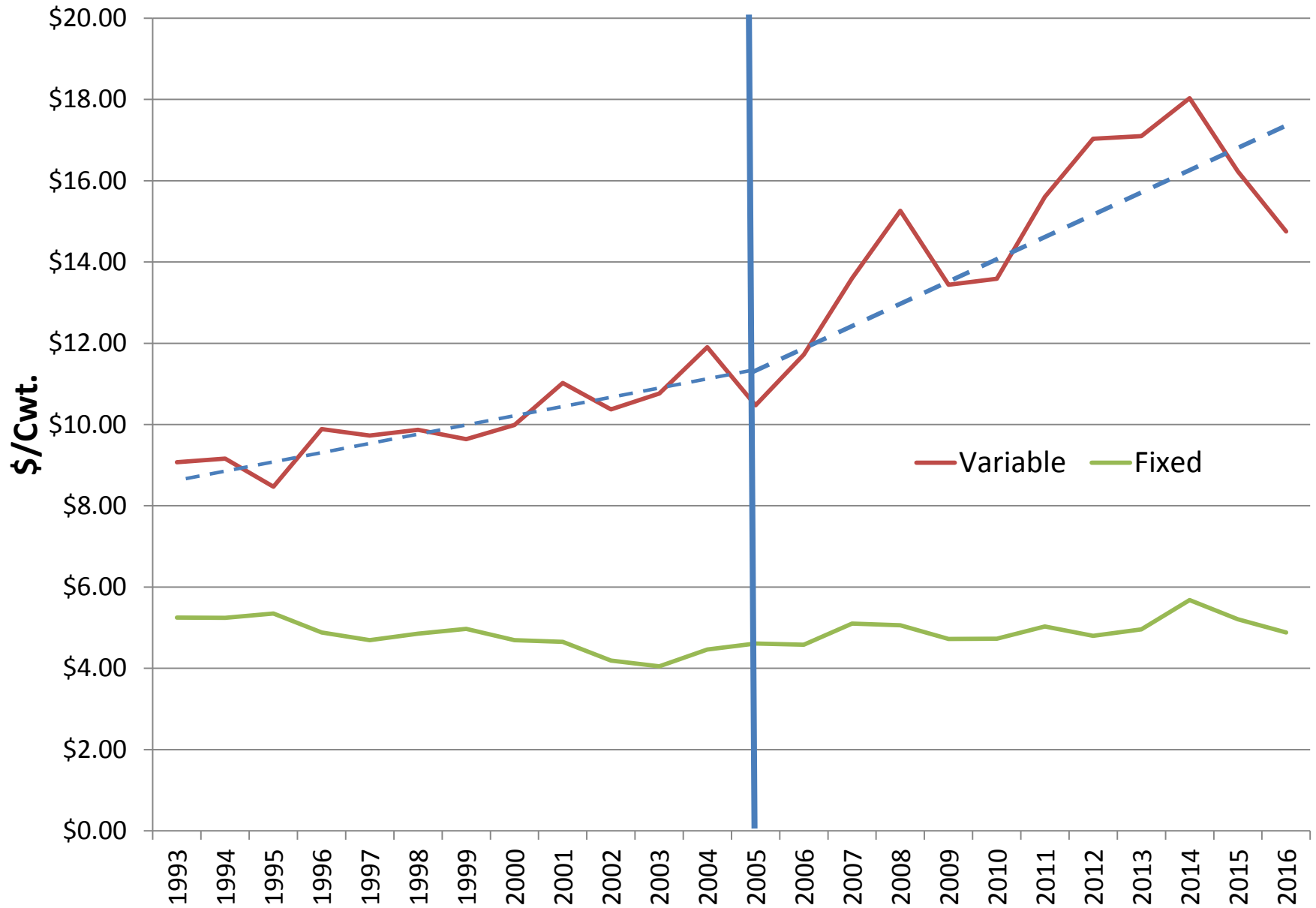
Net Cost of Production Distribution



Distribution of Costs



Distribution of Costs



Additional Takeaways from the 2016 *DFS*

- Profitability increased due to cost-cutting, despite lower milk prices
- NCOP fell for the second year in a row, to \$16.79; more than \$4 below 2014's NCOP
- A wide range of results: Some farms earned more than \$1,000 per cow, while others lost comparable amounts.



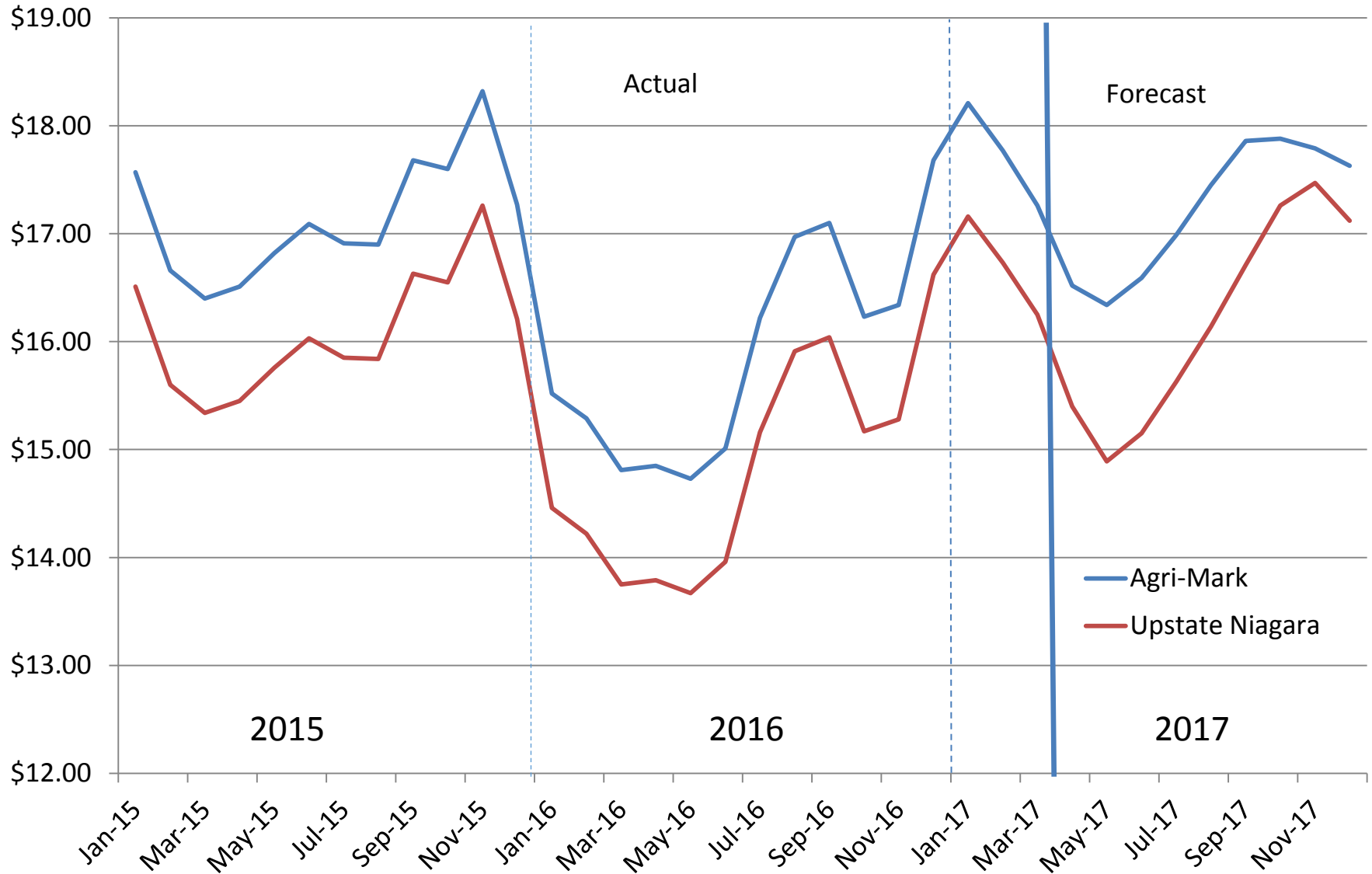
Additional Takeaways from the 2016 *DFS*

- There were positive correlations between size of farm, efficiency and profitability. However, not all large farms saw strong earnings.
- Farms in N.Y. generally showed lower NCOP and stronger earnings than those in New England.
- Many farms borrowed additional funds or restructured debt to make up for cash shortfalls.

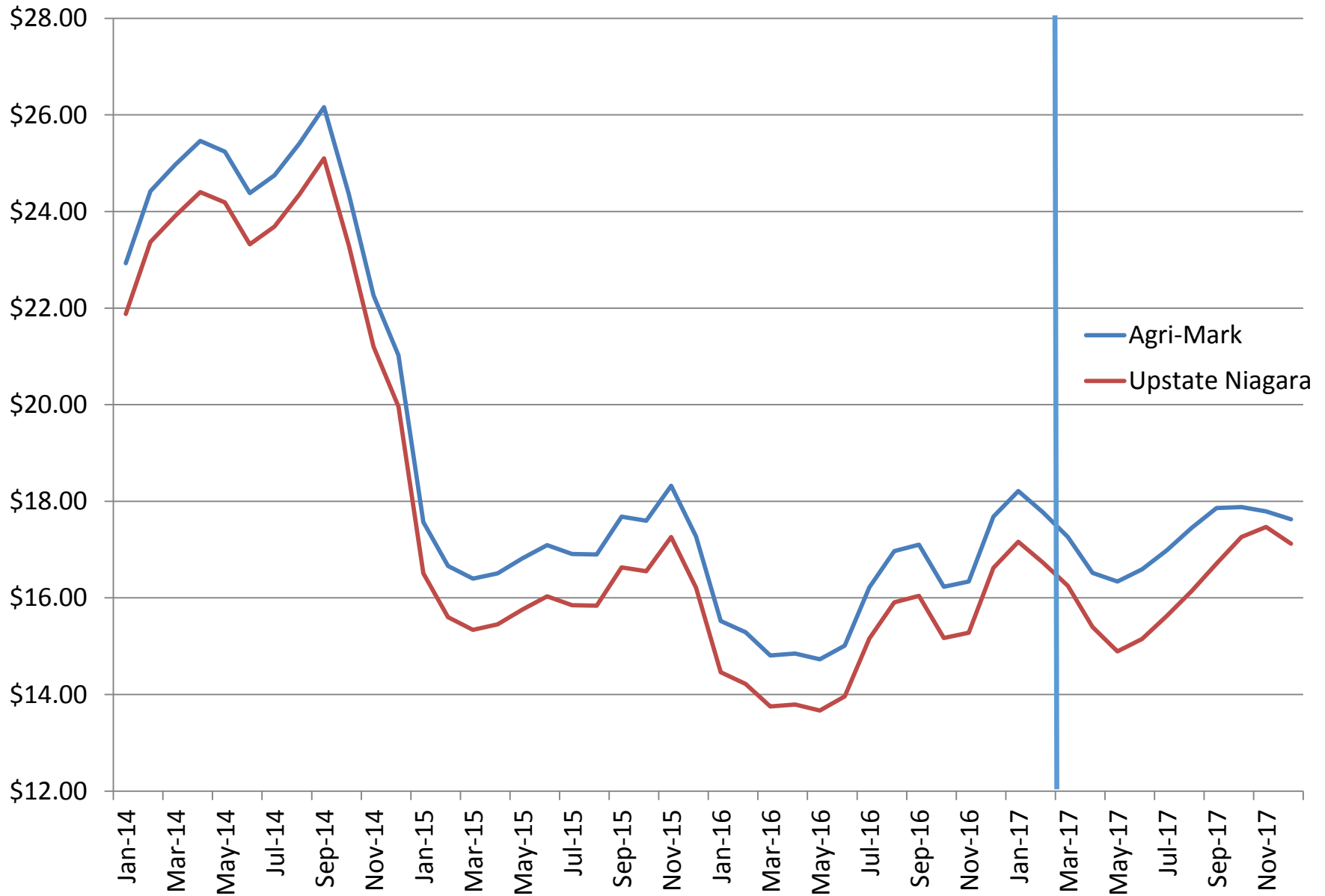


Near-term Outlook

Milk Price, \$/Cwt.

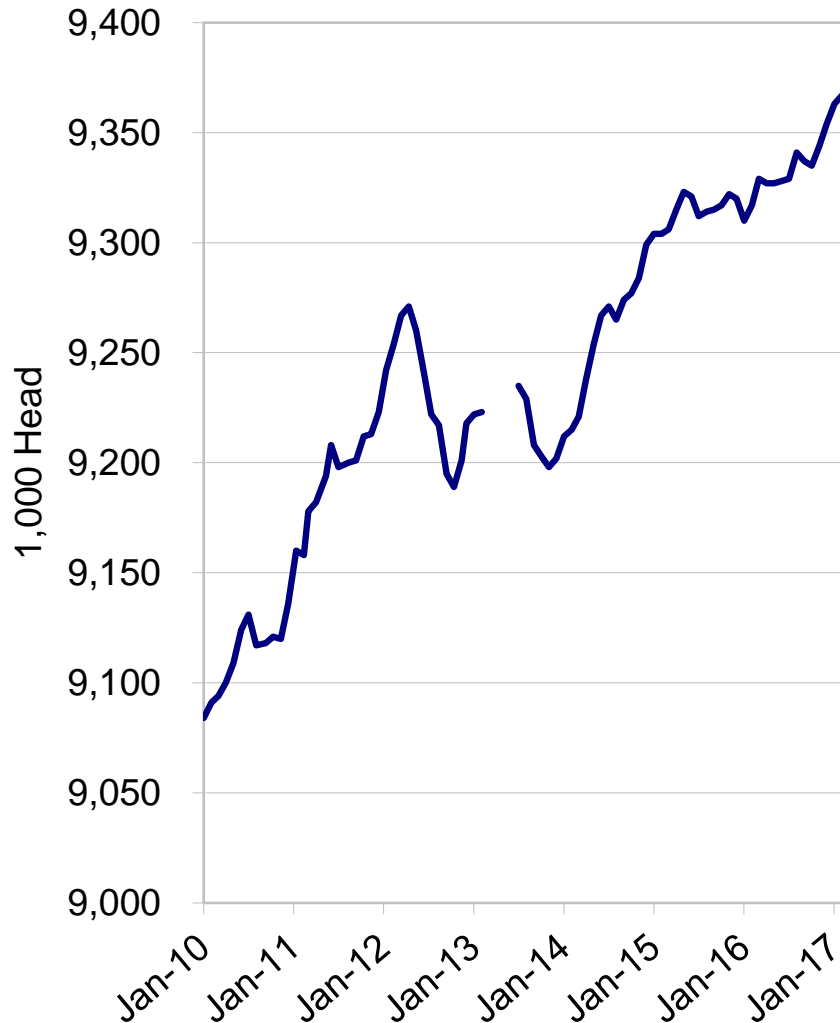


Near-term Outlook

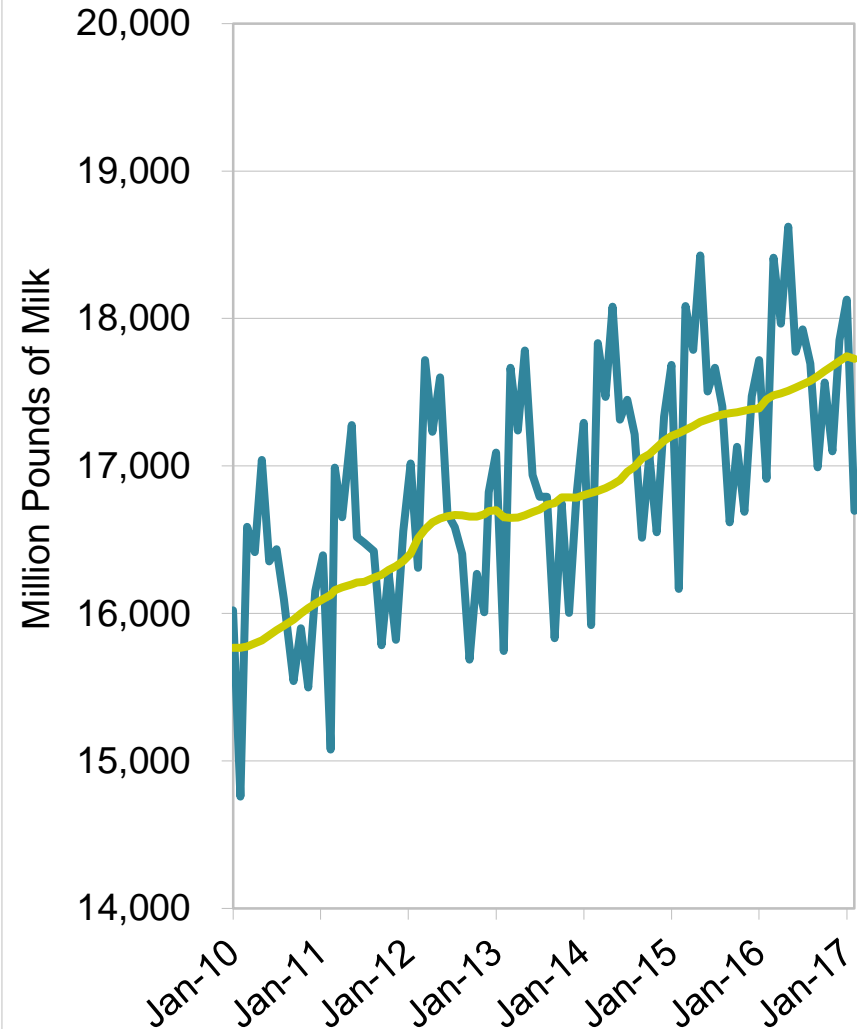


U.S. Herd Size and Production

U.S. Milk Cows



U.S. Milk Production





Thank You!

Follow-up questions or comments?
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