



2017 Northeast Dairy Farm Summary

Chris Laughton, *Director of Knowledge Exchange*



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Agenda



Review: financial results from the 2017 Northeast Dairy Farm Summary (DFS)



Panel Discussion: Takeaways from the report | Current economic situation for Northeast dairy



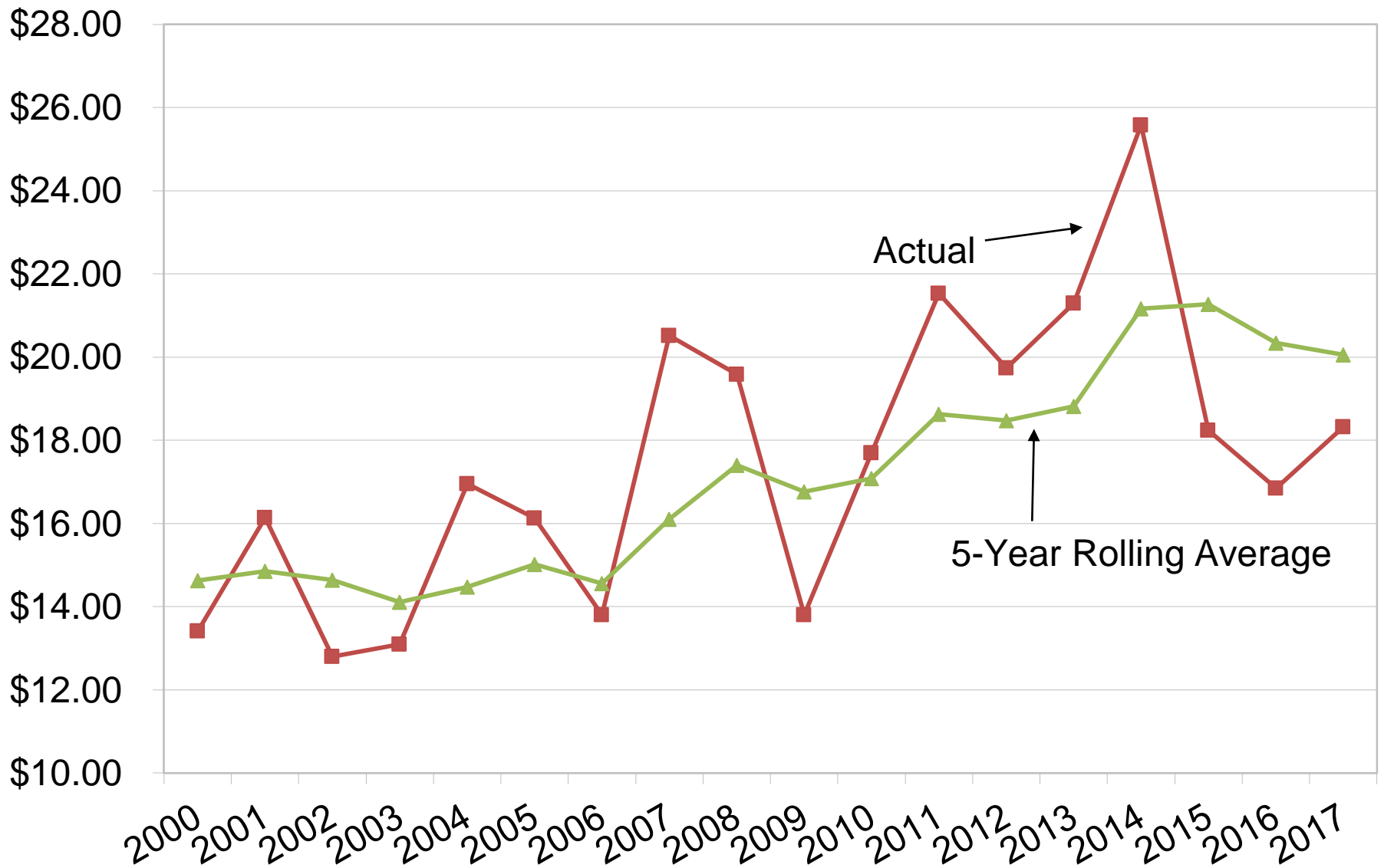
Audience Questions



Key Points

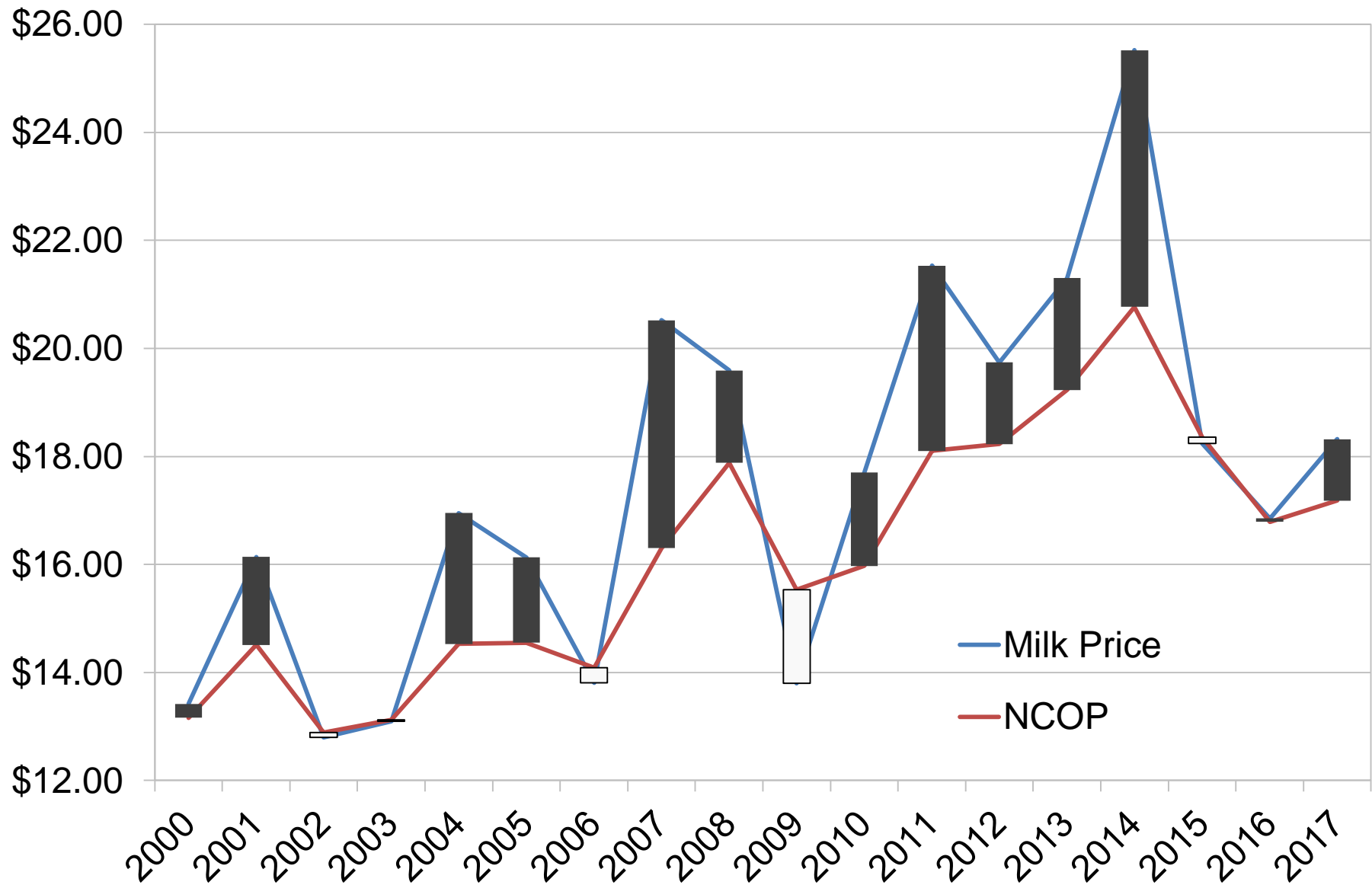
- 320 farms participated in the 2017 DFS
- 2017 Milk Price: \$18.32
 - \$1.47 higher than 2016
- NCOP \$17.18
 - \$0.39 higher than 2016
- 2017 Profitability: \$291/cow
 - 2016: \$15/cow
- Productivity and herd size of our sample increased
- Cash flow roughly breakeven
- Debt per cow declined to \$3,814 due to larger herd size

Farm Milk Prices per Cwt.

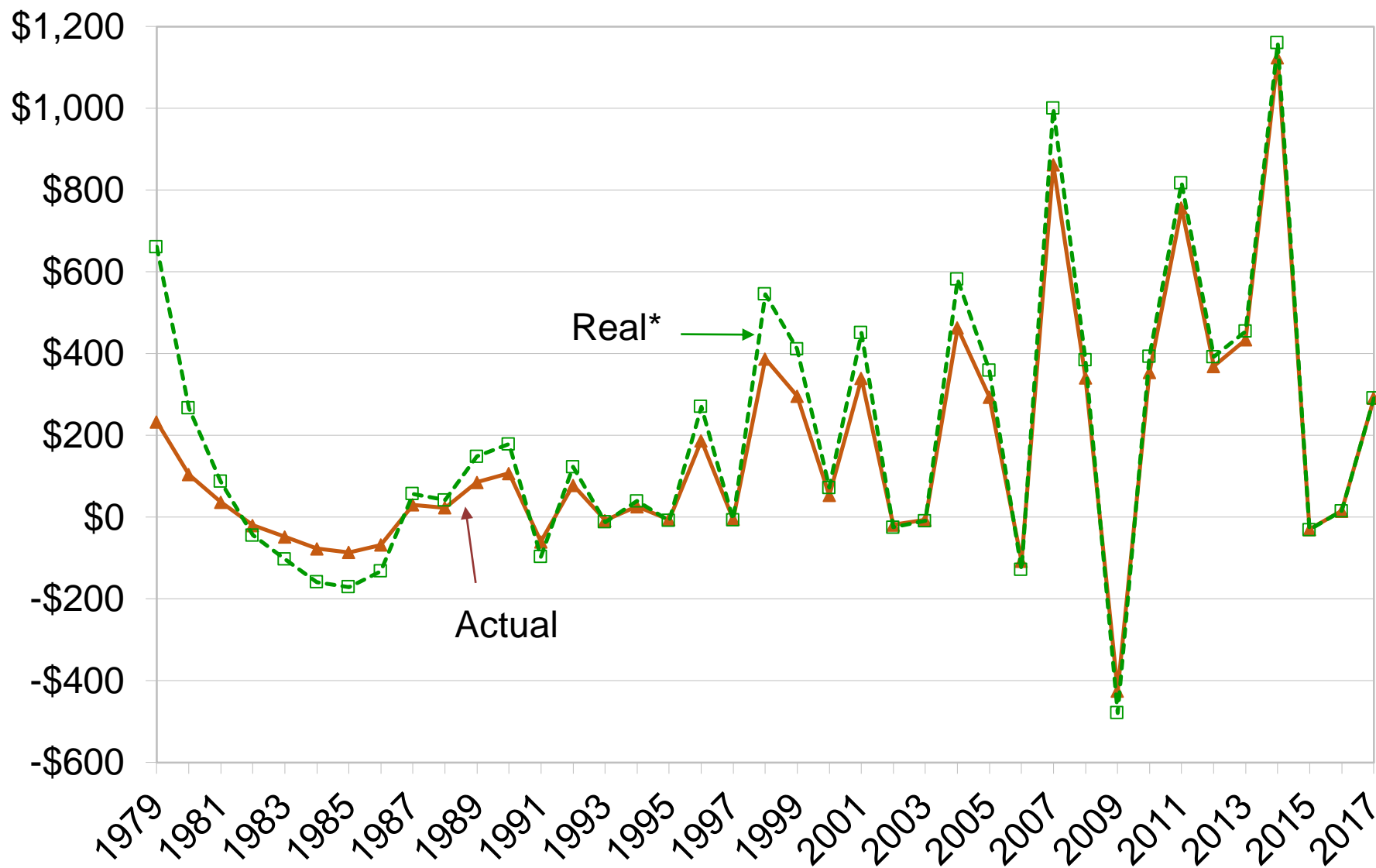


Source for all charts: Farm Credit East, unless otherwise specified

Net Margin 2000-2017

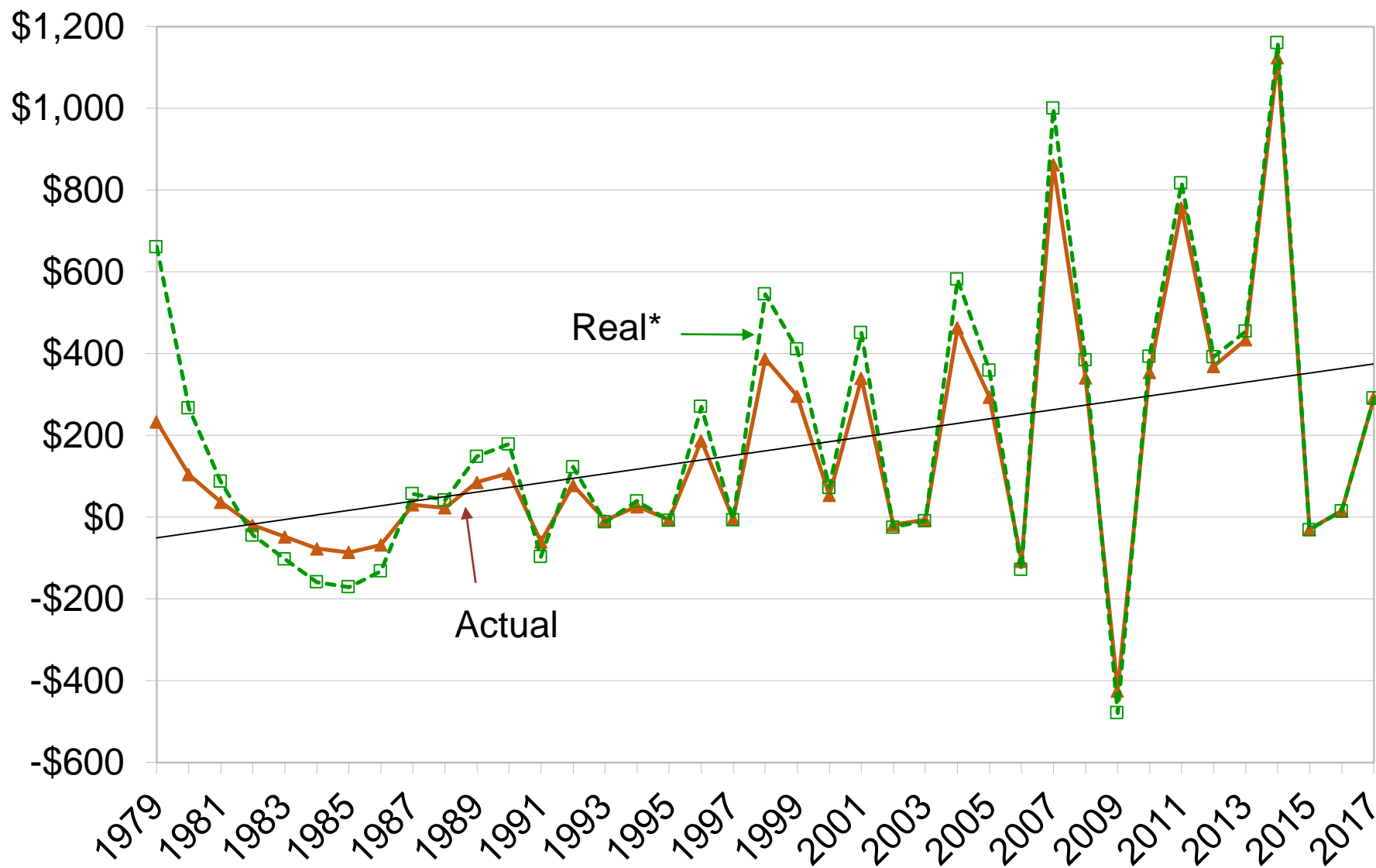


Net Earnings per Cow 1979-2017



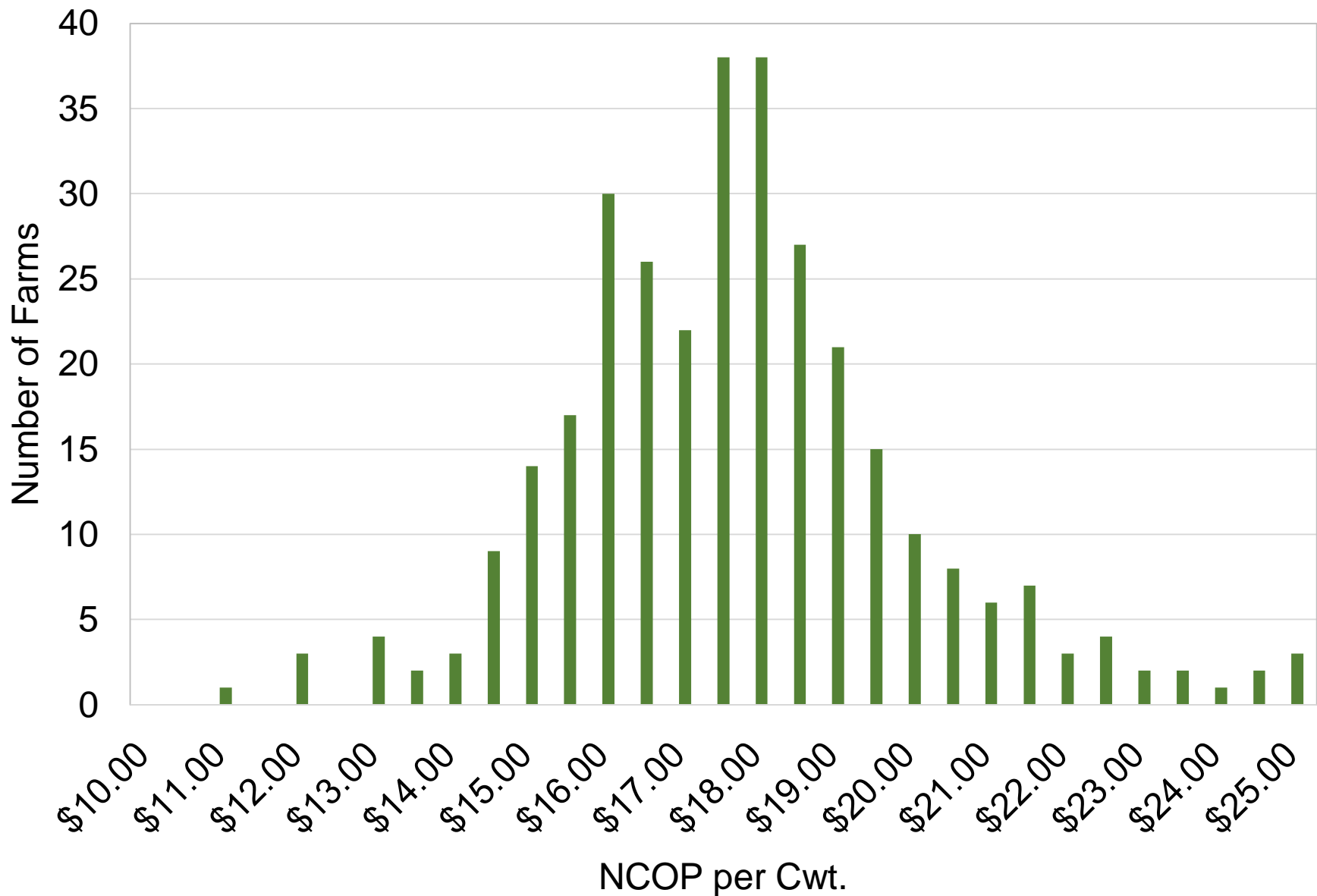
*Real price is actual price adjusted for inflation - 2017 dollars

Net Earnings per Cow 1979-2017

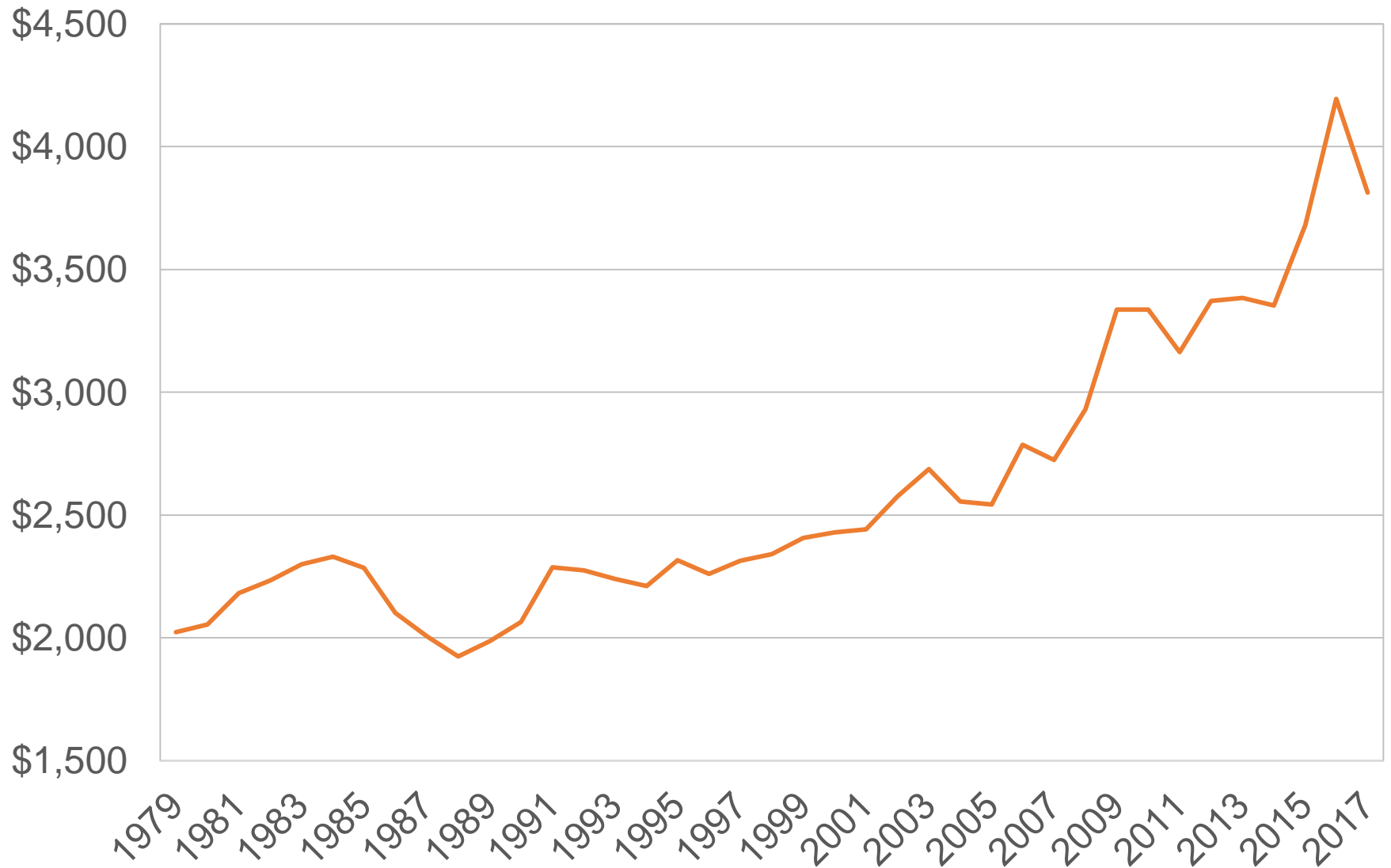


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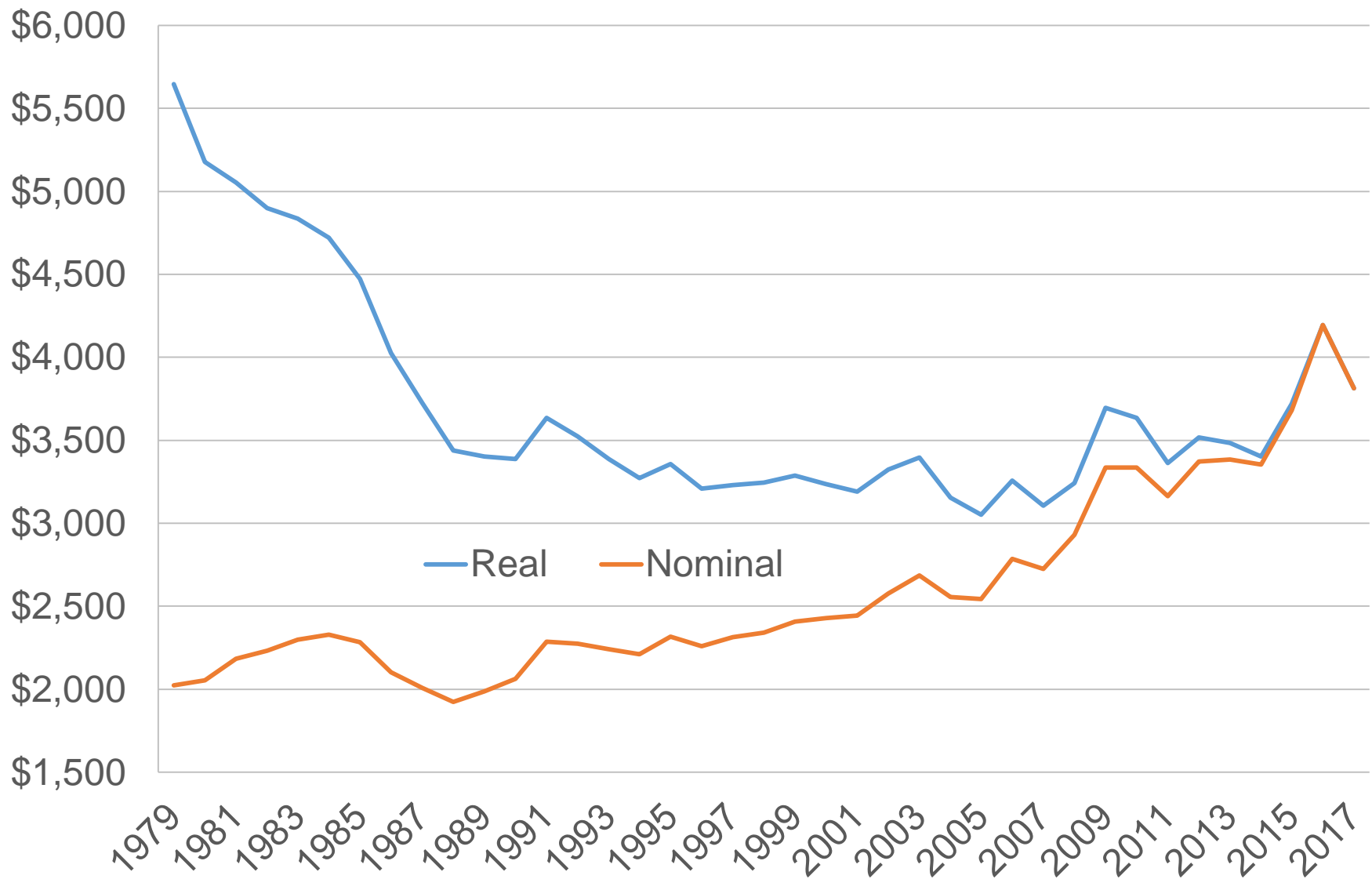
Distribution of Net Cost of Production



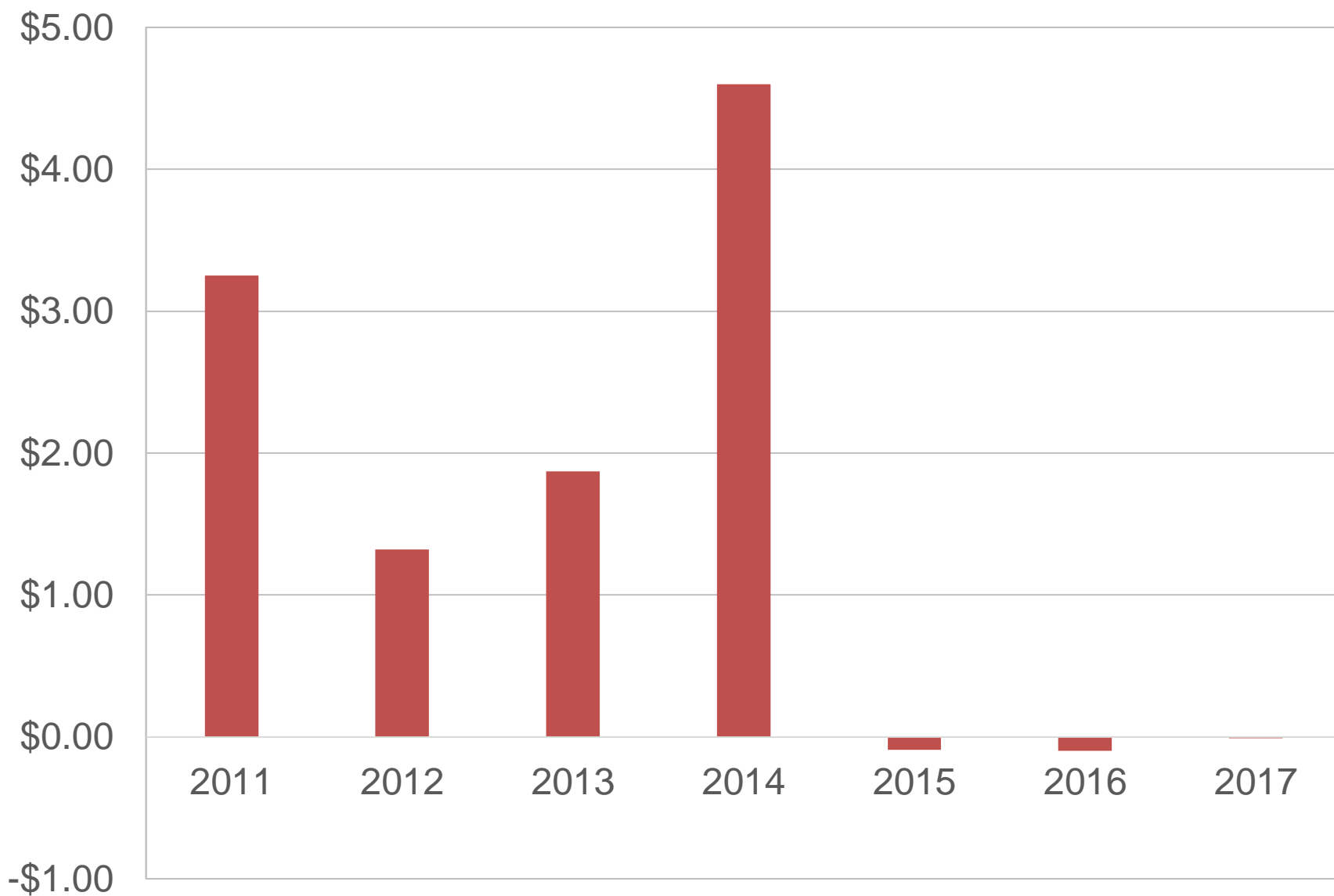
Average Total Liabilities per Cow



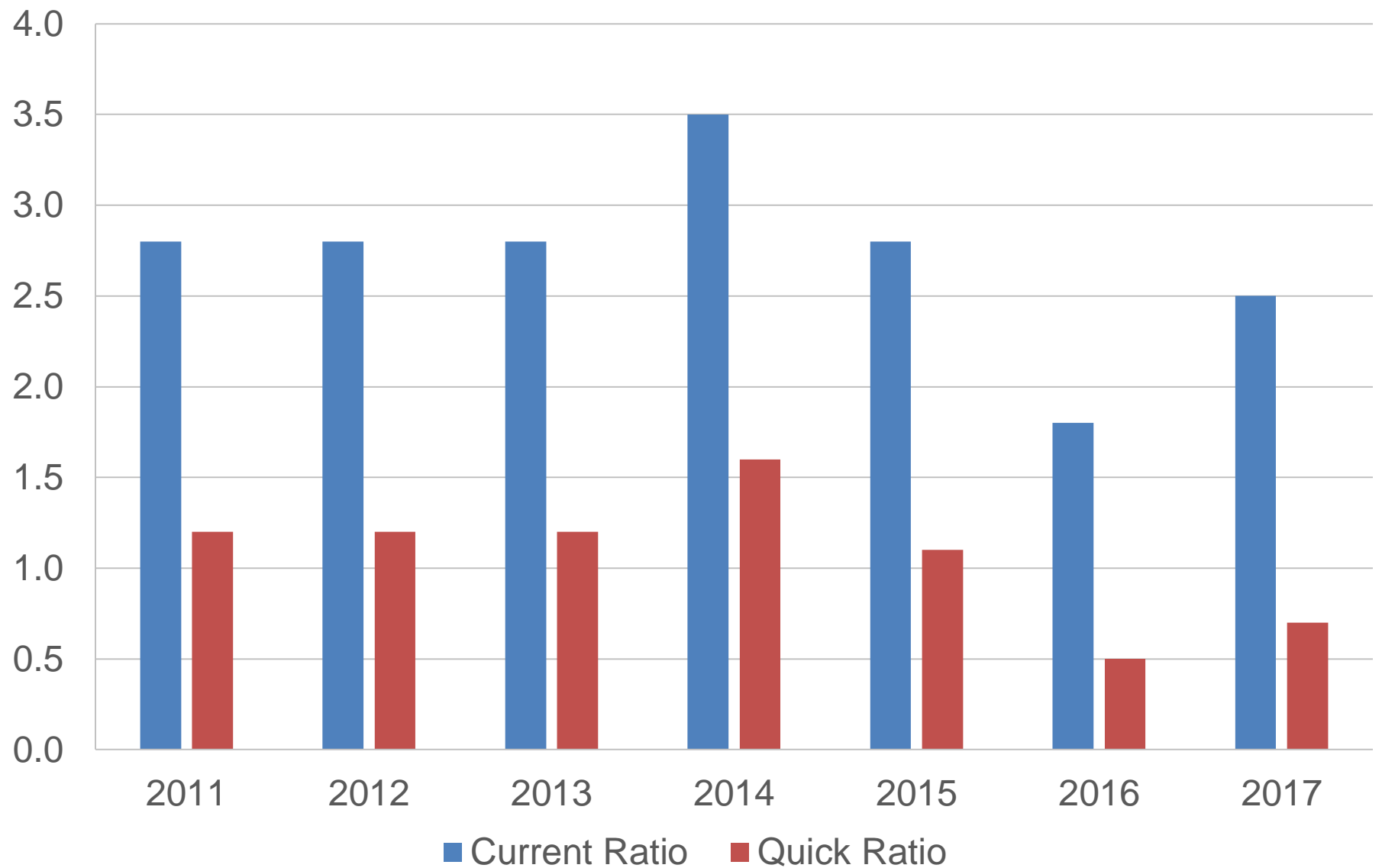
Average Total Liabilities per Cow



Cash Flow per Cwt.



Changes in Financial Position



Range of 2017 Profits

	Lower 25%	All Farms	Top 25%
Average Number of Cows	314	470	470
Milk Sold per Cow	24,072	25,493	25,962
Milk Sold per Worker	1,071,976	1,200,611	1,234,718
Net Earnings			
Per Cwt.	\$-0.85	\$1.14	\$2.42
Per Farm	\$-64,056	\$136,770	\$295,630

Management Styles of the Top 25%

	Great with Cows	Labor Efficient	Better Milk Price	Tight with a Buck	Balanced
Number of Farms	13	35	5	16	11
Average Number of Cows	671	888	196	91	467
Milk Sold per Cow (lbs.)	29,423	26,675	24,233	22,830	24,078
Milk Sold per Worker	1,121,870	1,580,641	1,109,917	761,068	977,070
NCOP per Cwt.	\$16.73	\$16.17	\$19.71	\$14.10	\$17.58
Milk Price per Cwt.	\$18.15	\$18.45	\$23.40	\$17.90	\$18.03
Net Earnings per Cow	\$597	\$535	\$693	\$364	\$600



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Management Styles of the Top 25%

	Great with Cows
Number of Farms	13
Average Number of Cows	671
Milk Sold per Cow (lbs.)	29,423
Milk Sold per Worker	1,121,870
NCOP per Cwt.	\$16.73
Milk Price per Cwt.	\$18.15
Net Earnings per Cow	\$597

Great with Cows:

This sub-group of top performers focused on cow productivity. The average milk sold per cow was 29,423 lbs., the highest among the 5 groups.

High production allowed them to produce 1,121,870 lbs. of milk per worker, second only to the “Labor Efficient” group.

Management Styles of the Top 25%

	Labor Efficient
Number of Farms	35
Average Number of Cows	888
Milk Sold per Cow (lbs.)	26,675
Milk Sold per Worker	1,580,641
NCOP per Cwt.	\$16.17
Milk Price per Cwt.	\$18.45
Net Earnings per Cow	\$535

Labor Efficient:

Effective labor management, highly productive cows, large herds and modern parlor equipment enabled this group to be the most labor efficient, with milk sold per worker of more than 1.5 million lbs. In addition to labor efficiency, this group reported the 2nd-highest milk sold per cow.



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Management Styles of the Top 25%

	Better Milk Price
Number of Farms	5
Average Number of Cows	196
Milk Sold per Cow (lbs.)	24,233
Milk Sold per Worker	1,109,917
NCOP per Cwt.	\$19.71
Milk Price per Cwt.	\$23.40
Net Earnings per Cow	\$693

Better Milk Price:

This group received \$23.40 per cwt. for their milk, \$4.75 more than average for the top profit group.

Higher milk prices could be the result of high milk fat or protein content, negotiated premiums for quality, and/or specialty markets. This category contains some non-Holstein herds within the top profit group.

Management Styles of the Top 25%

	Tight with a Buck
Number of Farms	16
Average Number of Cows	91
Milk Sold per Cow (lbs.)	22,830
Milk Sold per Worker	761,068
NCOP per Cwt.	\$14.10
Milk Price per Cwt.	\$17.90
Net Earnings per Cow	\$364

Tight with a Buck:

These operators excel at cost control, achieving the lowest NCOP at \$14.10.

Although milk per cow and per worker are below the top group average, these farmers have implemented tight cost control to achieve superior results.

With the smallest herd size, this group likely uses a lot of family labor. Some of these farms also have significant non-milk business income.



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Management Styles of the Top 25%

	Balanced
Number of Farms	11
Average Number of Cows	467
Milk Sold per Cow (lbs.)	24,078
Milk Sold per Worker	977,070
NCOP per Cwt.	\$17.58
Milk Price per Cwt.	\$18.03
Net Earnings per Cow	\$600

Balanced:

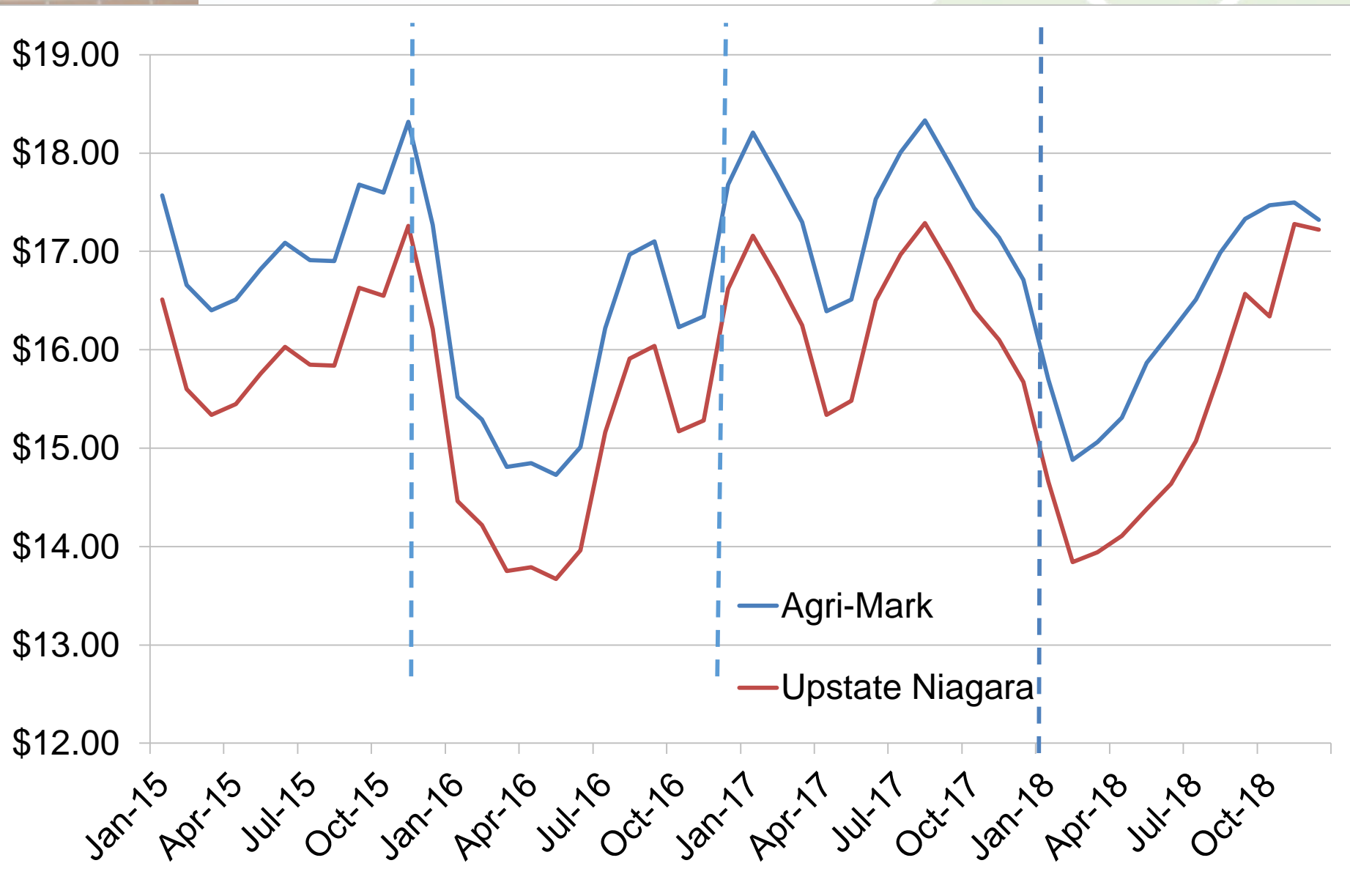
These are good, all-around managers performing well in all areas. Although profits are lower than some of the other styles, they are still in the top 25%.

The common theme is that top-profit farms have reached a profitable balance between milk production per cow and costs through a variety of management styles.

Conclusions from the 2017 *DFS*

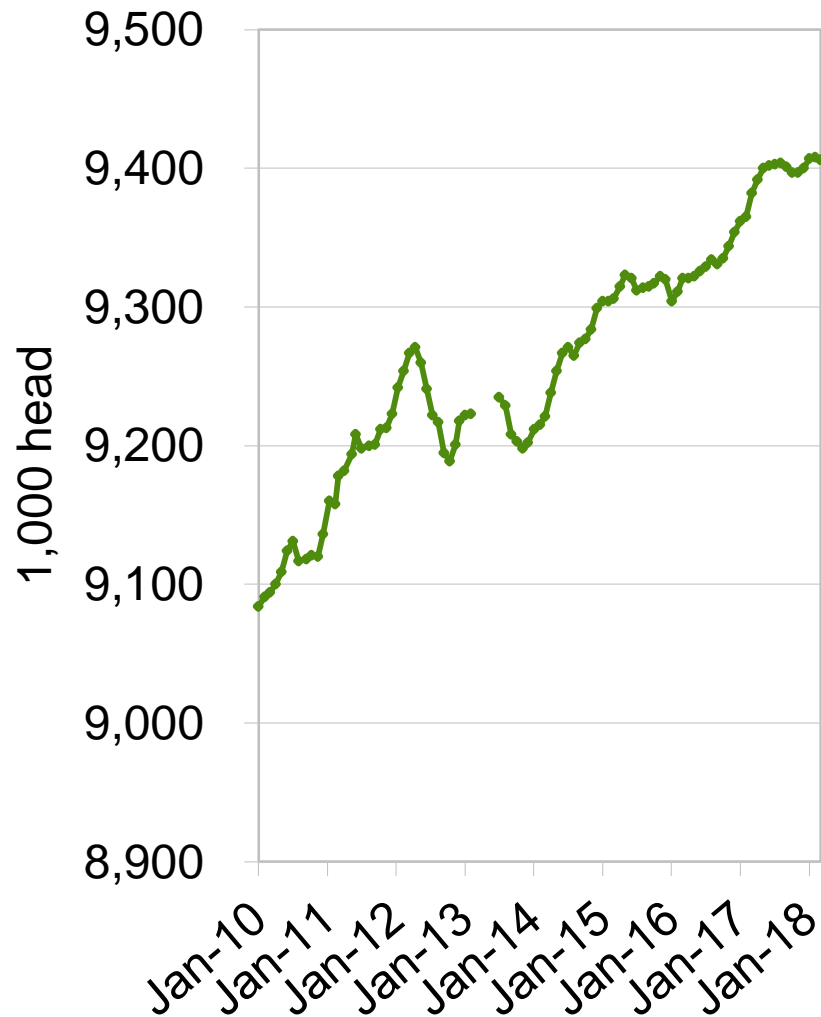
- Profitability improved basically because milk price rose more than NCOP
- Wide range of results continues
- Positive correlations between farm size and profitability, however, not all large farms did well
- Farms in NY generally showed lower NCOP, even when adjusted for average size
- Many farms struggle with cash flow
- Milk prices have fallen significantly since last fall

Near-term Outlook

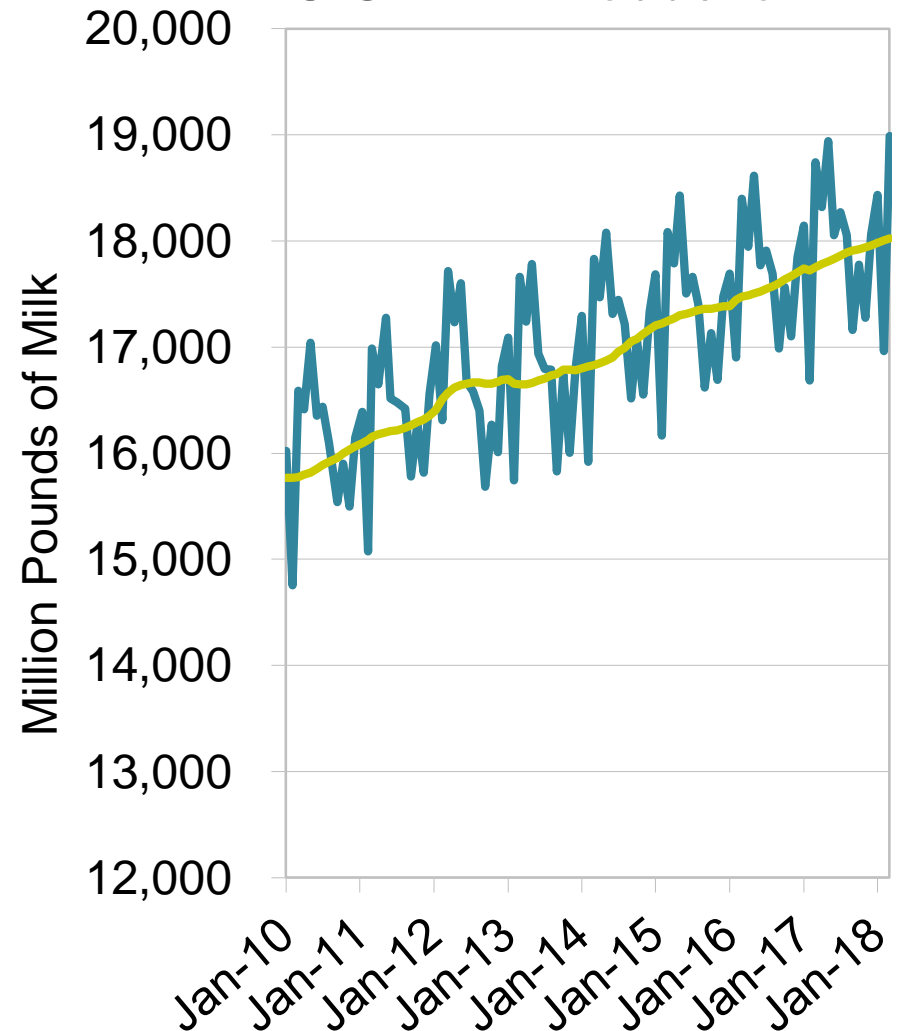


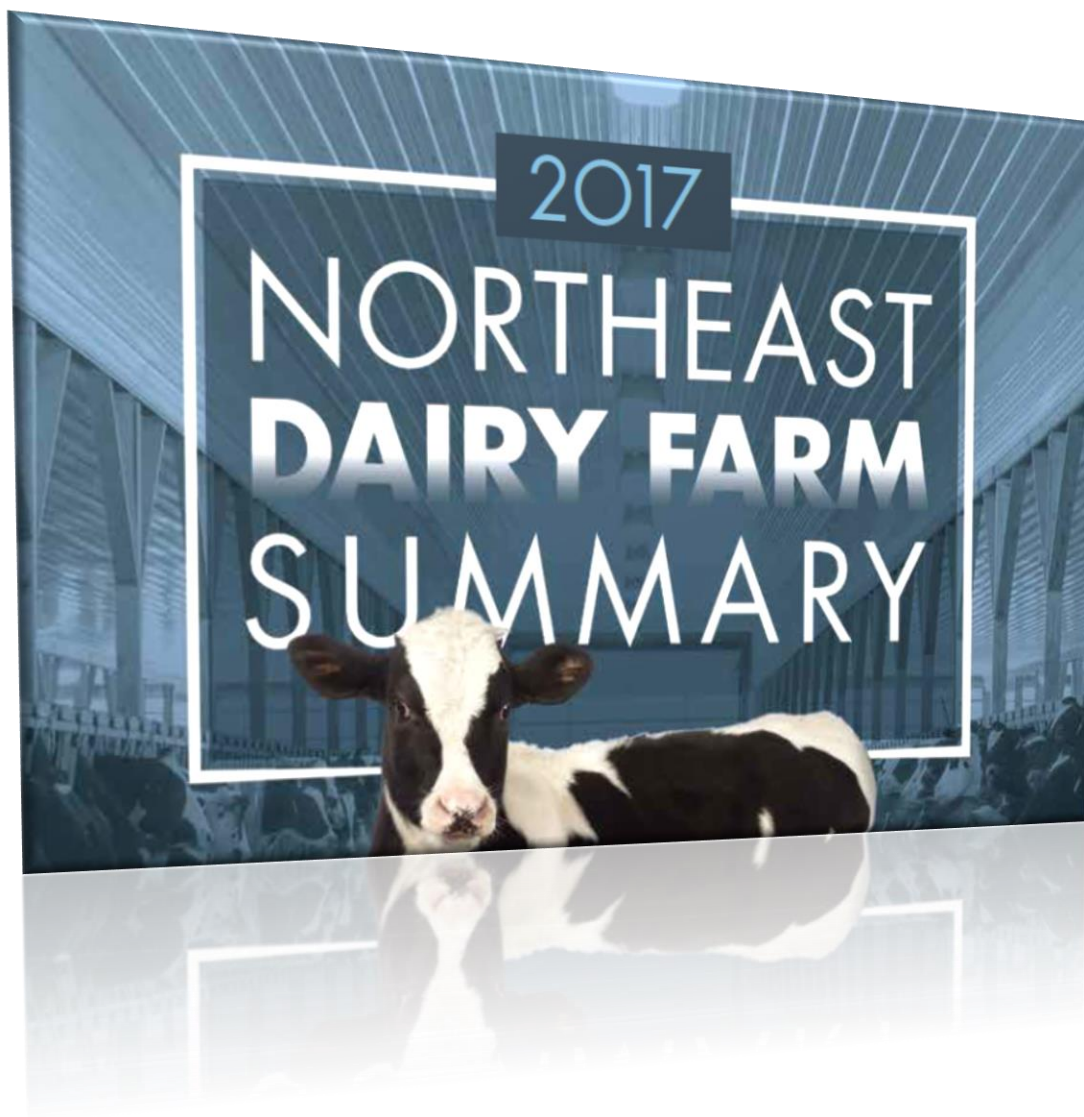
U.S. Herd Size and Milk Production

U.S. Milk Cows



U.S. Milk Production





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Chris.Laughton@farmcrediteast.com



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