

Northeast Dairy Farm Summary - 2018



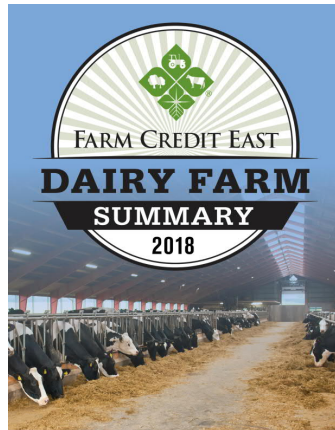
Chris Laughton, *Director of Knowledge Exchange*

Agenda

Review of 2018
financial results

Panel
discussion

Audience
questions



Bill Zweigbaum
Farm Credit East Consultant

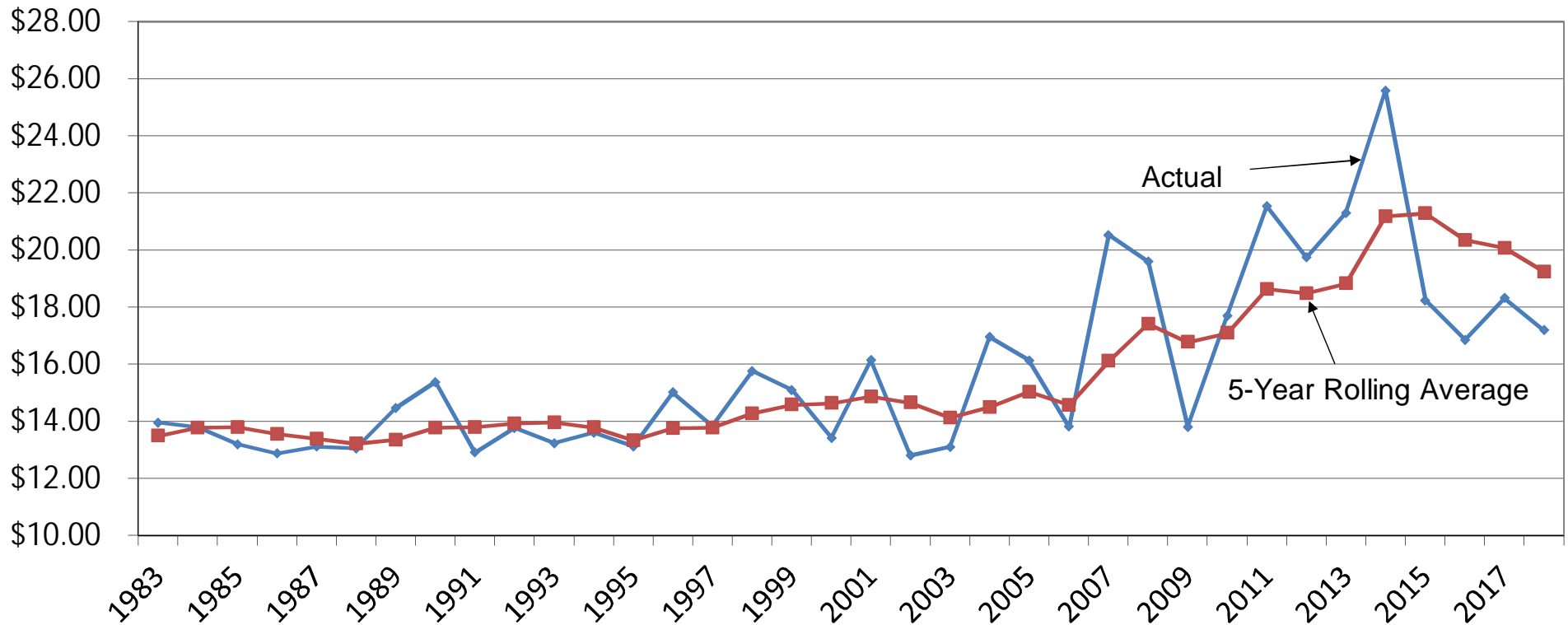
Jan Bitter
Regional Manager



Key Points

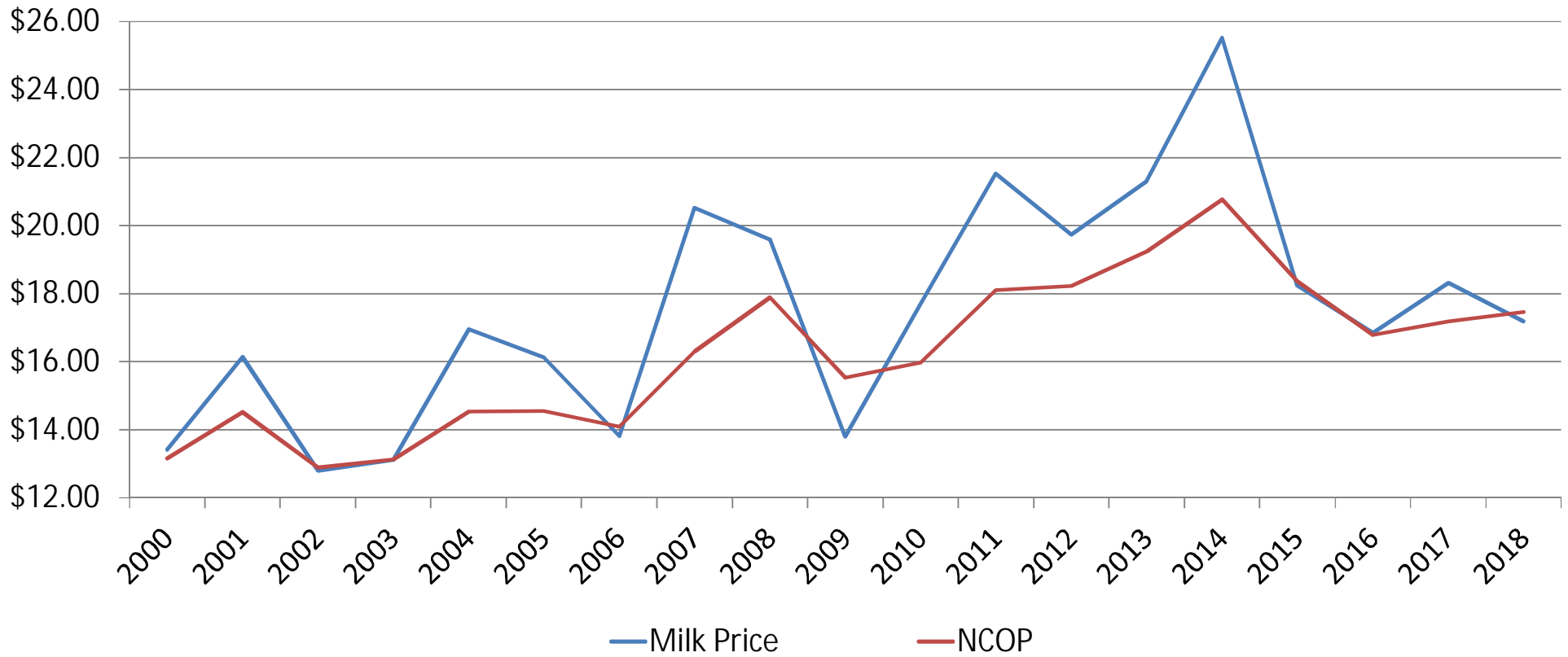
- 305 farms participated in the 2018 DFS
- 2018 milk price: \$17.19 (\$1.13 less than 2017)
- NCOP \$17.72 (\$0.26 higher than 2017)
- 2018 loss: \$40/cow (2017: +\$291/cow)
- Productivity decreased slightly (-0.9%)
- Cash flow insufficient (-\$0.49/cwt)
- Total debt per cow increased to \$4,257

Farm Milk Prices per Cwt.

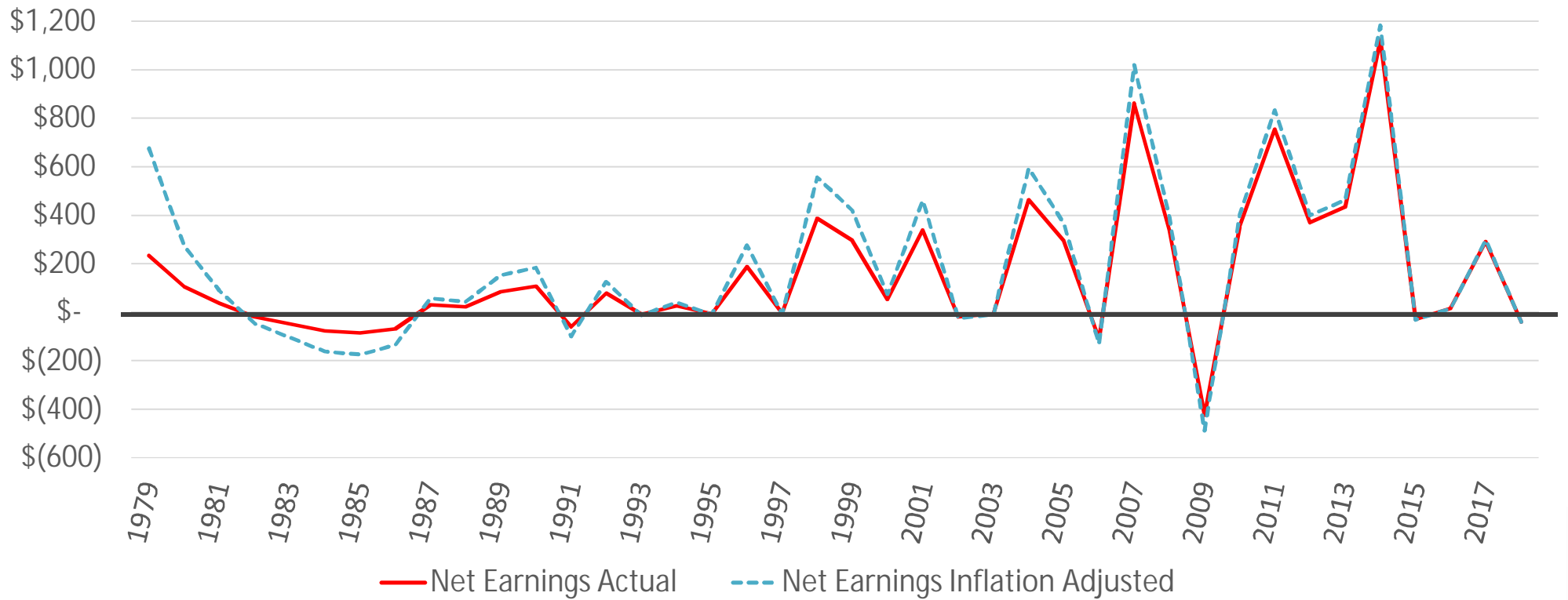


Source for all charts: Farm Credit East, unless otherwise specified

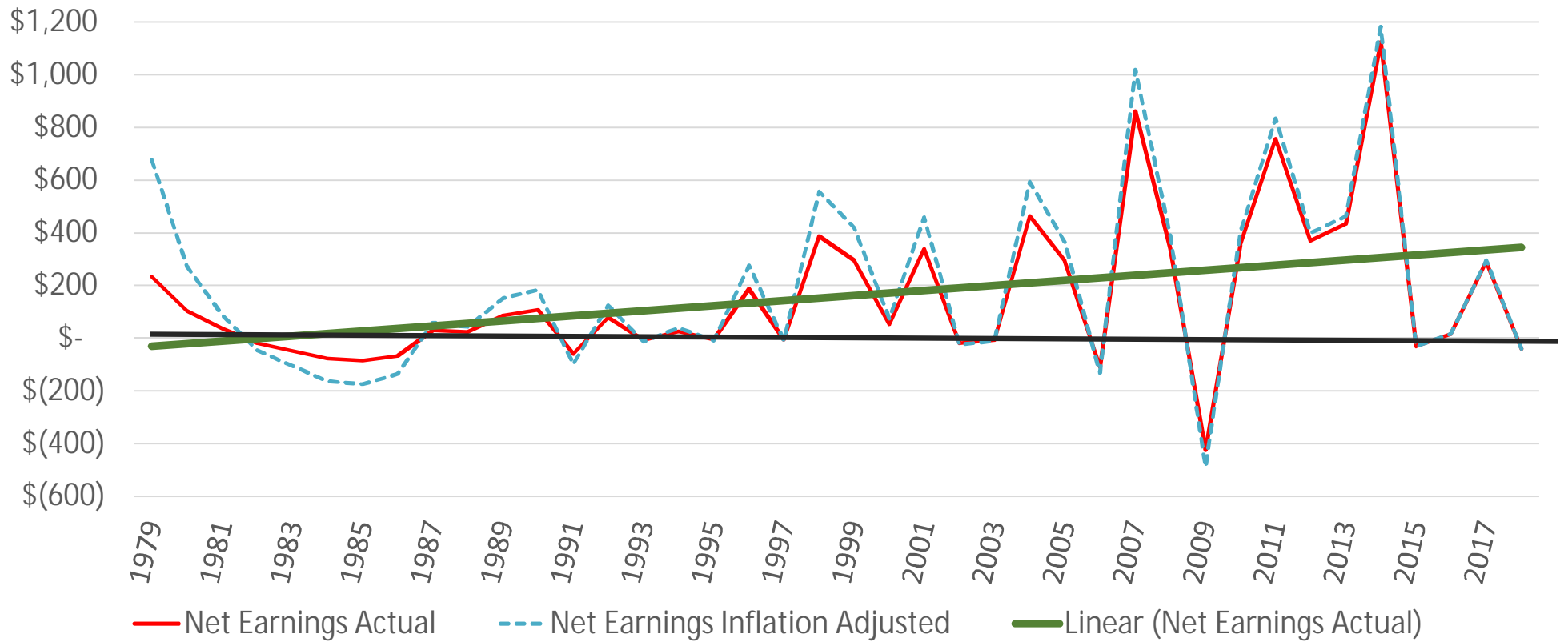
Net Margin 2000-2018



Net Earnings per Cow 1979-2018



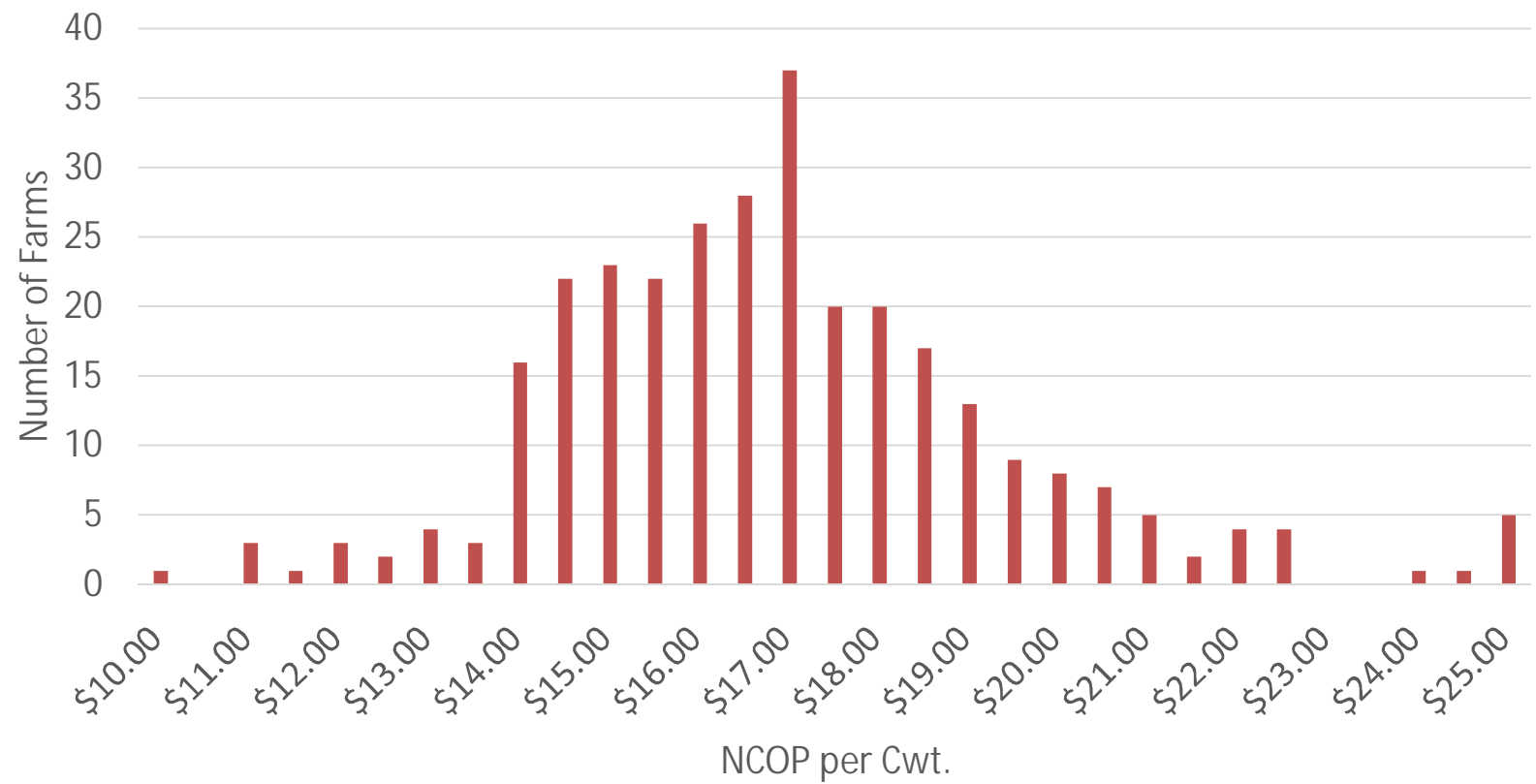
Net Earnings per Cow 1979-2018



Cost of Production per cwt.

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

Distribution of Net Cost of Production



NCOP by Region

	New York		New England	
	2017	2018	2017	2018
Feed	\$6.11	\$6.33	\$7.70	\$7.61
Labor	\$3.26	\$3.15	\$4.12	\$3.90
Other Expenses	\$8.93	\$8.96	\$9.50	\$9.45
Cash Expenses	\$18.30	\$18.44	\$21.32	\$20.96
+ Depreciation	1.28	1.29	1.47	1.33
+ Family Living	0.49	0.47	0.55	0.52
Total Costs	\$20.07	\$20.20	\$23.34	\$22.81
- Nonmilk Income	2.88	2.74	2.42	2.39
NCOP	\$17.19	\$17.46	\$20.92	\$20.42



Range of 2018 Profits

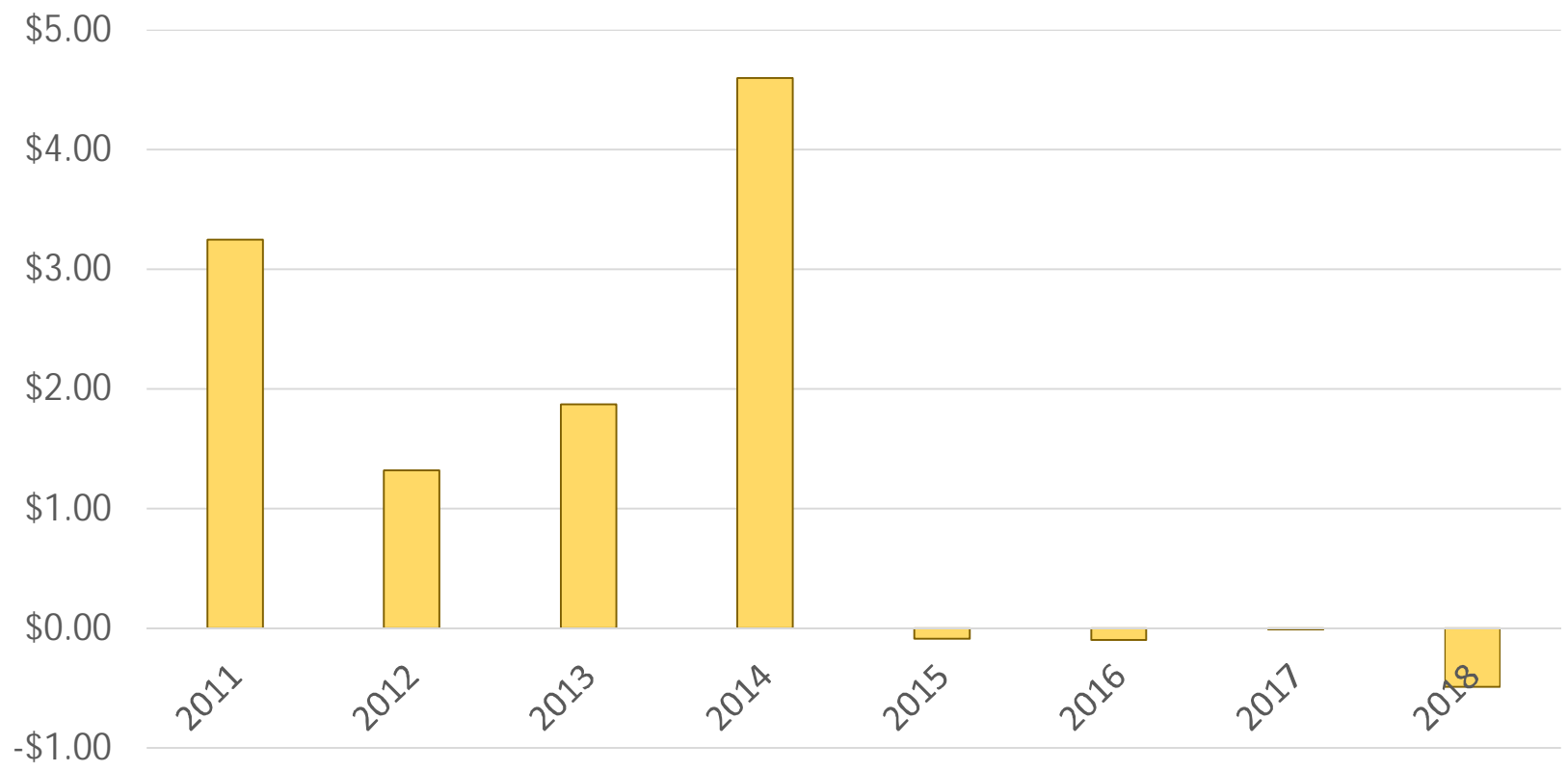
	Lower 25%	All Farms	Top 25%
Average Number of Cows	414	478	454
Milk Sold per Cow	23,900	25,264	25,843
Milk Sold per Worker	1,179,590	1,255,688	1,313,308
Net Earnings			
Per Cwt.	-\$1.87	-\$0.16	+\$1.05
Per Farm	-\$185,058	-\$18,947	+\$123,488



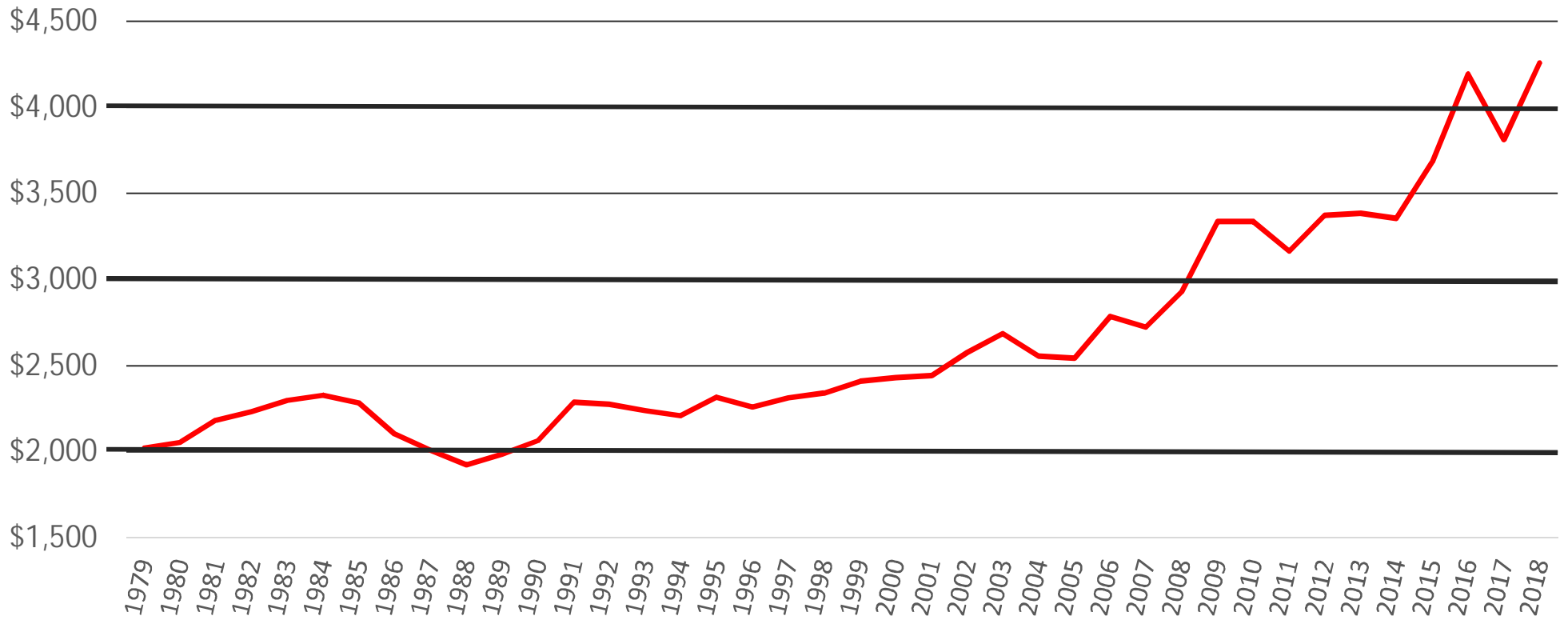
Cash Flow Analysis per cwt.

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

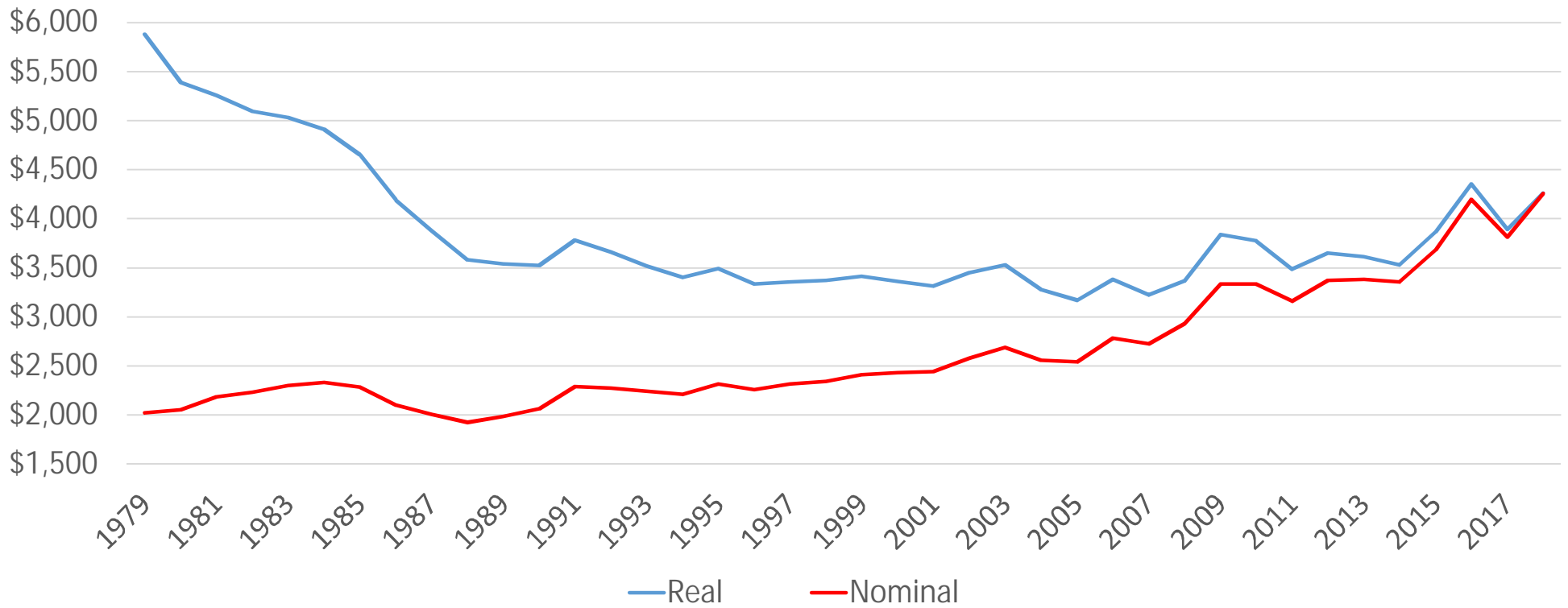
Cash Flow per Cwt.



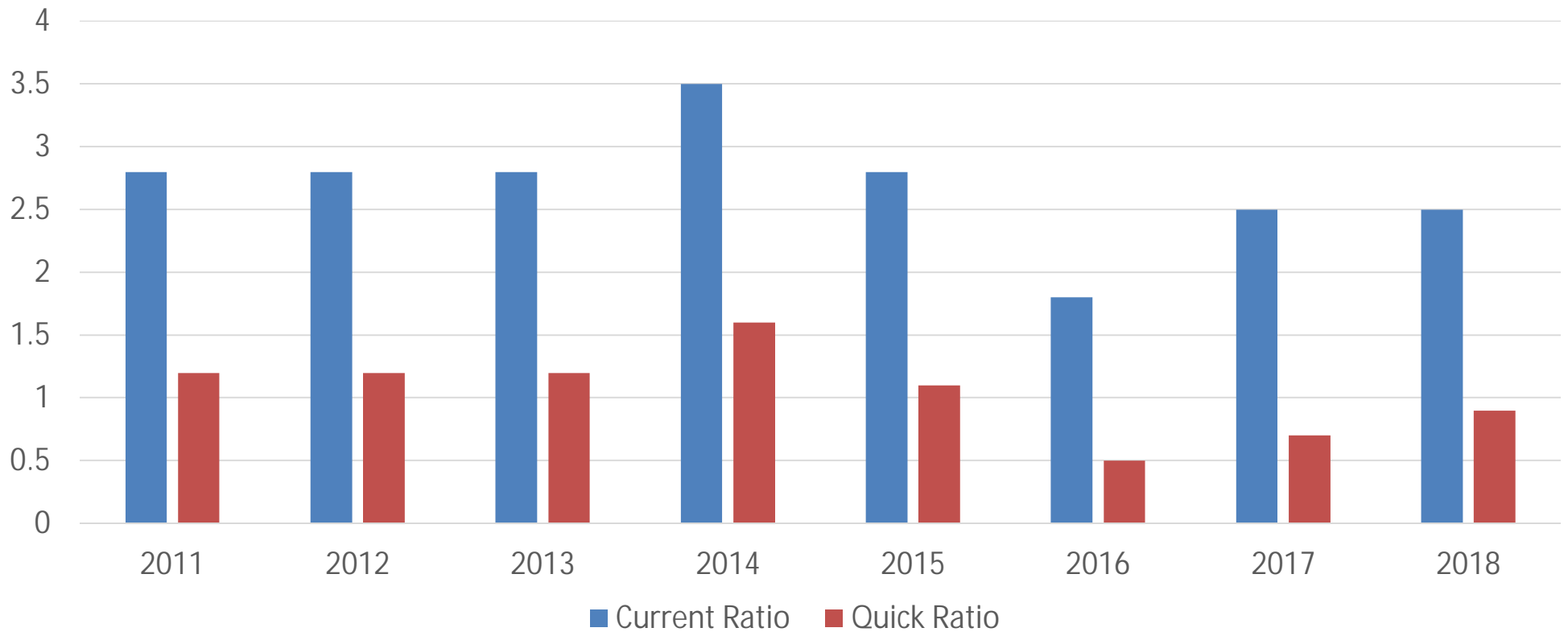
Average Total Liabilities per Cow 1979-2018



Average Total Liabilities per Cow 1979-2018



Changes in Financial Position

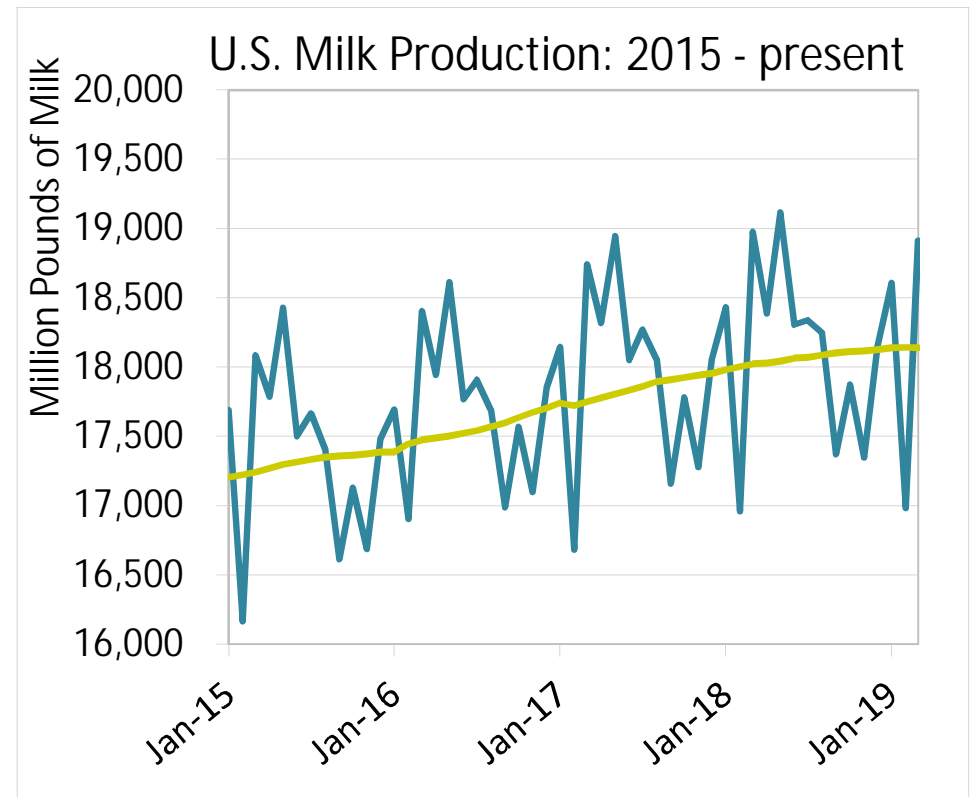
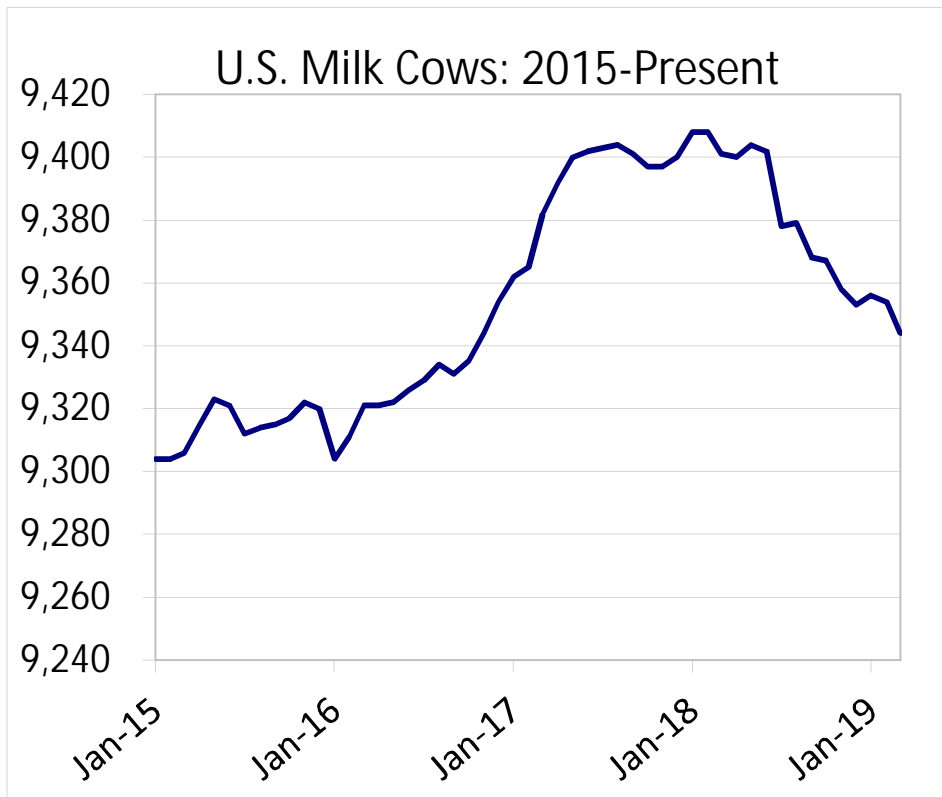




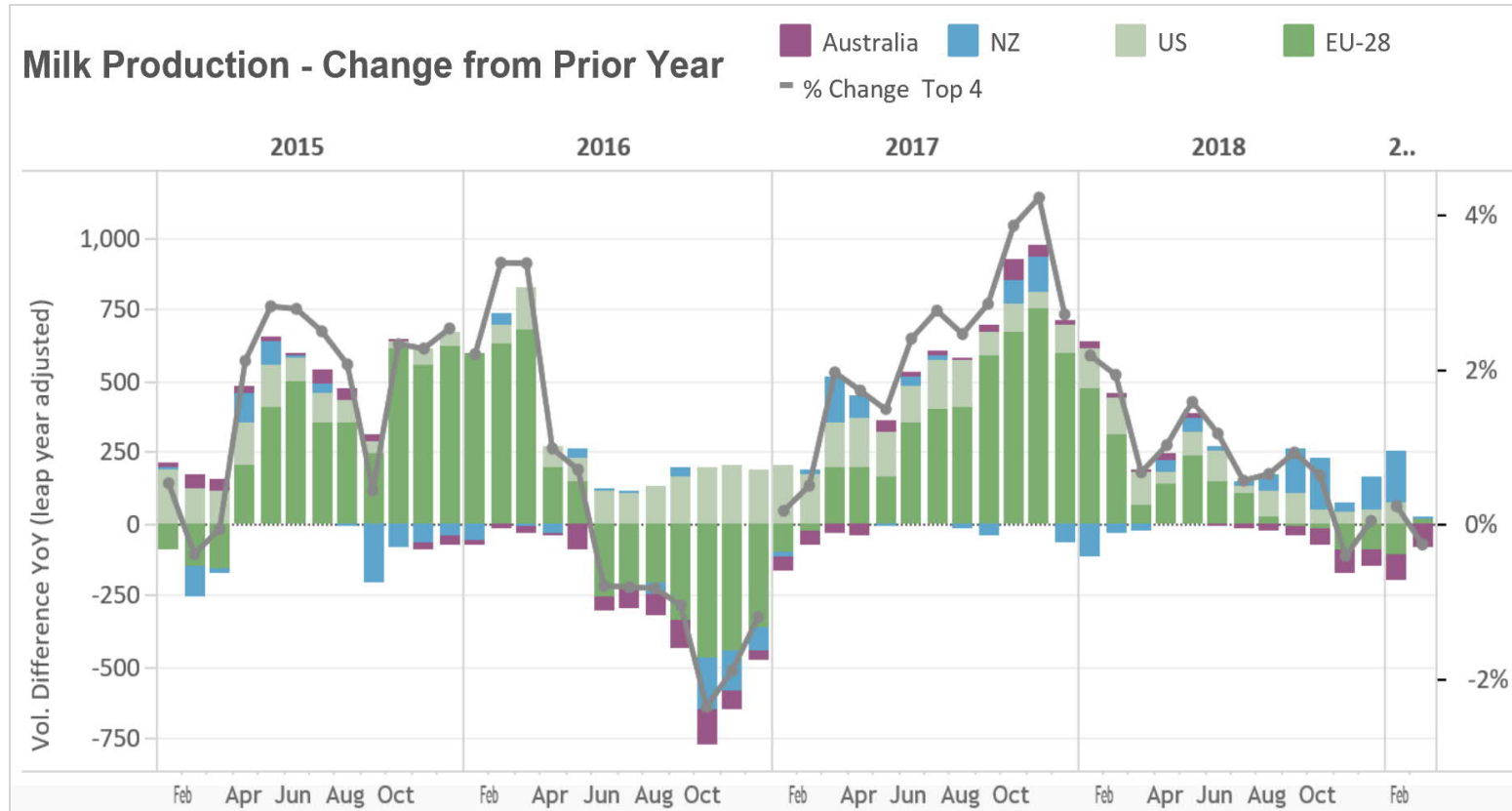
Conclusions from the 2018 *DFS*

- Profitability declined to a net loss largely because of a decline in milk price
- 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 risen since last year, 2019 should show better results

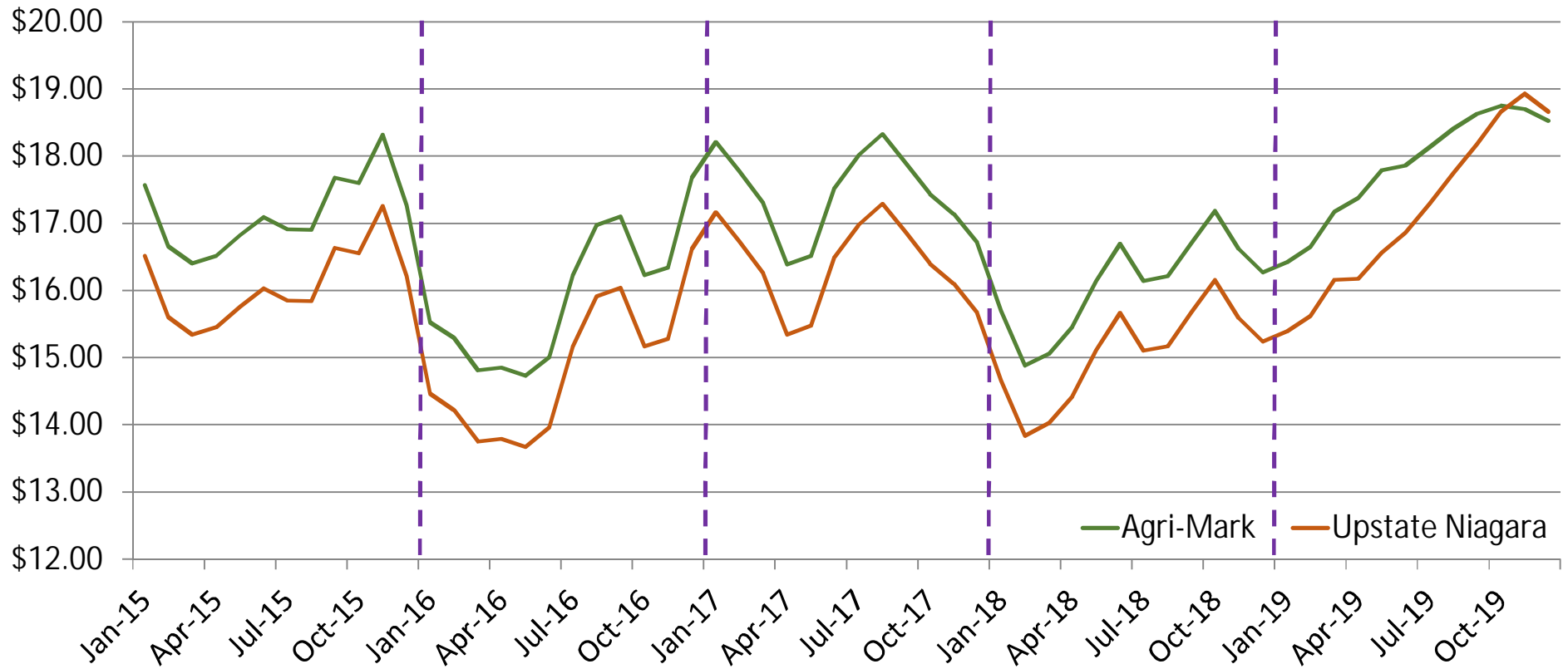
U.S. Herd Size and Milk Production



Milk Production Change From Major Exporters



Near-term Outlook





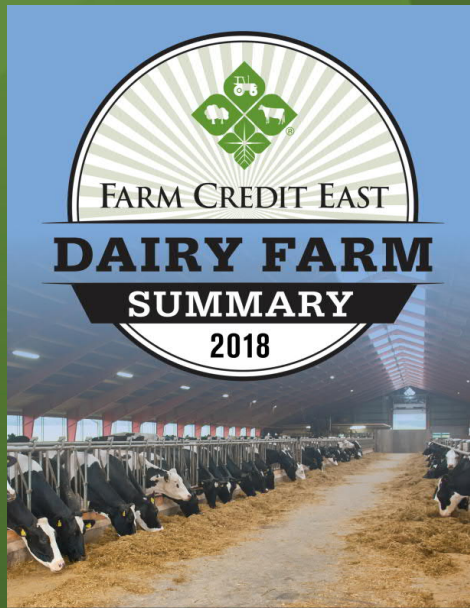
Panel Discussion



Jan Bitter
Farm Credit East Regional Manager



Bill Zweigbaum
Farm Credit East Business Consultant



Questions?

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