

Economic evaluation of dairy production in the southeastern United States

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The objective of this study was to evaluate the economics of dairy production in the southeastern US (SE) in comparison to other regions in the US. Data was available from the Florida/Georgia Dairy Business Analysis Project (FL/GA), the North Carolina Dairy Farm Financial Performance Pilot Project (NC), the New York Dairy Farm Business Summary > 300 cows (NY), Milk Production Costs on Selected Wisconsin Dairy Farms (WI), all by universities, and Dairy Farm Operating Trends by Moore Stephens Frazer and Torbet, LLP (Southern California (SCal), San Joaquin Valley (SJV), Arizona (AZ), Idaho (ID), and New Mexico (NM)). For 2000, the average total revenues / cwt were \$18.03 (FL/GA), \$17.37 (NC), \$15.58 (NY), \$11.76 (ID), \$12.39 (NM), \$12.33 (AZ), \$12.28 (SJV), and \$12.34 (SCal). The average total cost / cwt were \$17.03 (FL/GA), \$15.08 (NC), \$14.92 (NY), \$13.20 (WI), \$10.65 (ID), \$11.46 (NM), \$12.21 (AZ), \$11.33 (SJV), and \$11.24 (SCal). The average feed cost / cwt ranged from \$4.76 (ID) to \$7.35 (FL/GA). The average rate of return on assets (ROA) was highest in FL/GA with 7.0% and lowest in AZ with 0.6% with most regions reporting 3 to 4%. The variability within the regions is considerable. Total revenues / cwt for the SE ranged from \$15.62 to \$23.14 (FL/GA, 22 farms) and from \$16.23 to \$19.11 (NC, 7 farms). Total feed cost / cwt for FL/GA ranged from \$4.60 to \$10.78. Total cost / cwt for the SE ranged from \$13.28 to \$21.75 (FL/GA) and from \$11.92 to \$16.84 (NC). The ROA for the SE ranged from -7.2% to 22.9% (FL/GA) and from 0.2% to 20.1% (NC). Average total revenues / cwt from 1995 to 1999 for FL/GA were \$17.03, \$19.93, \$18.31, \$19.41, \$19.07, respectively. Average total cost / cwt from 1995 to 1999 for FL/GA were \$18.51, \$17.79, \$18.02, \$17.57, \$16.40, respectively. The reported data is not necessarily representative for the average economic performance in the regions. Based on these data, the conclusion is that both average returns and cost are higher in the southeastern US, but the margin and ROA are competitive with other regions in the US. Considerable variation in the SE exists, which indicates opportunity for well-managed herds.

Keywords: economics, southeast, dairy