

Economic Evaluation of Dairy Production in the Southeastern United States



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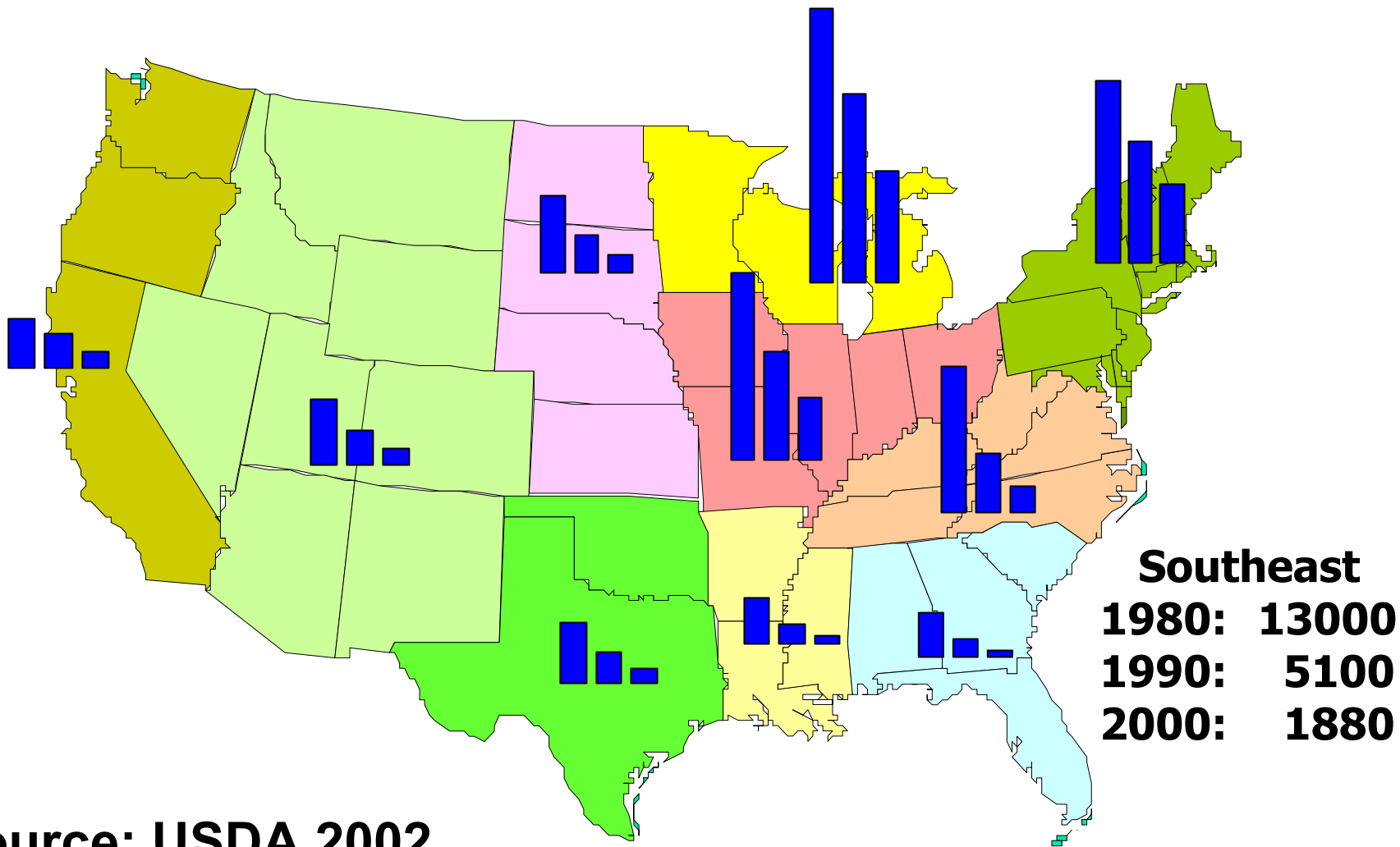
Outline

- **Trends in U.S. dairy production**
- **Compare milk production economics**
 - **Southeast – other regions in U.S.**



Operations with Milk Cows

1980, 1990, 2000

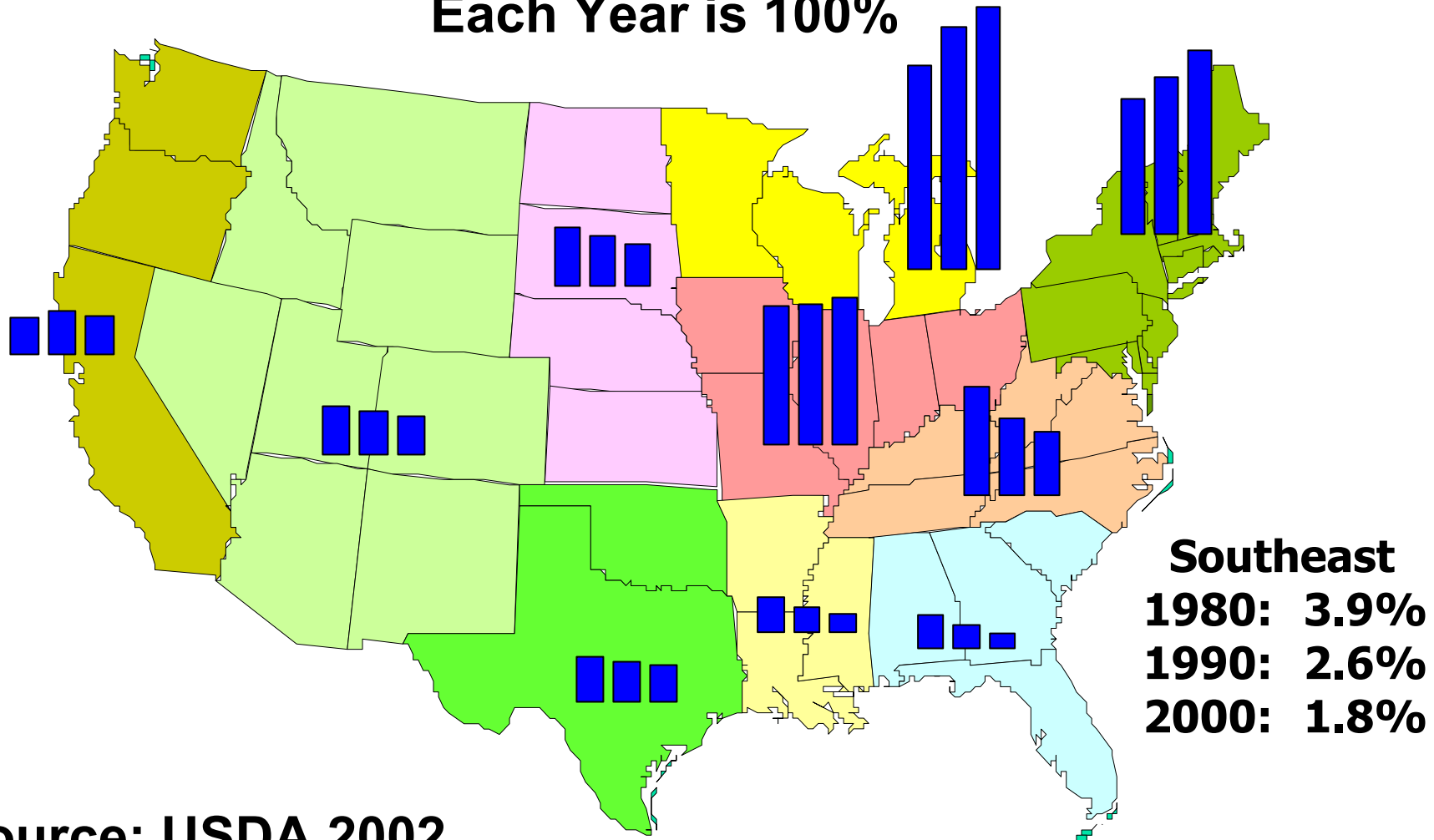


Source: USDA 2002

Operations with Milk Cows (%)

1980, 1990, 2000

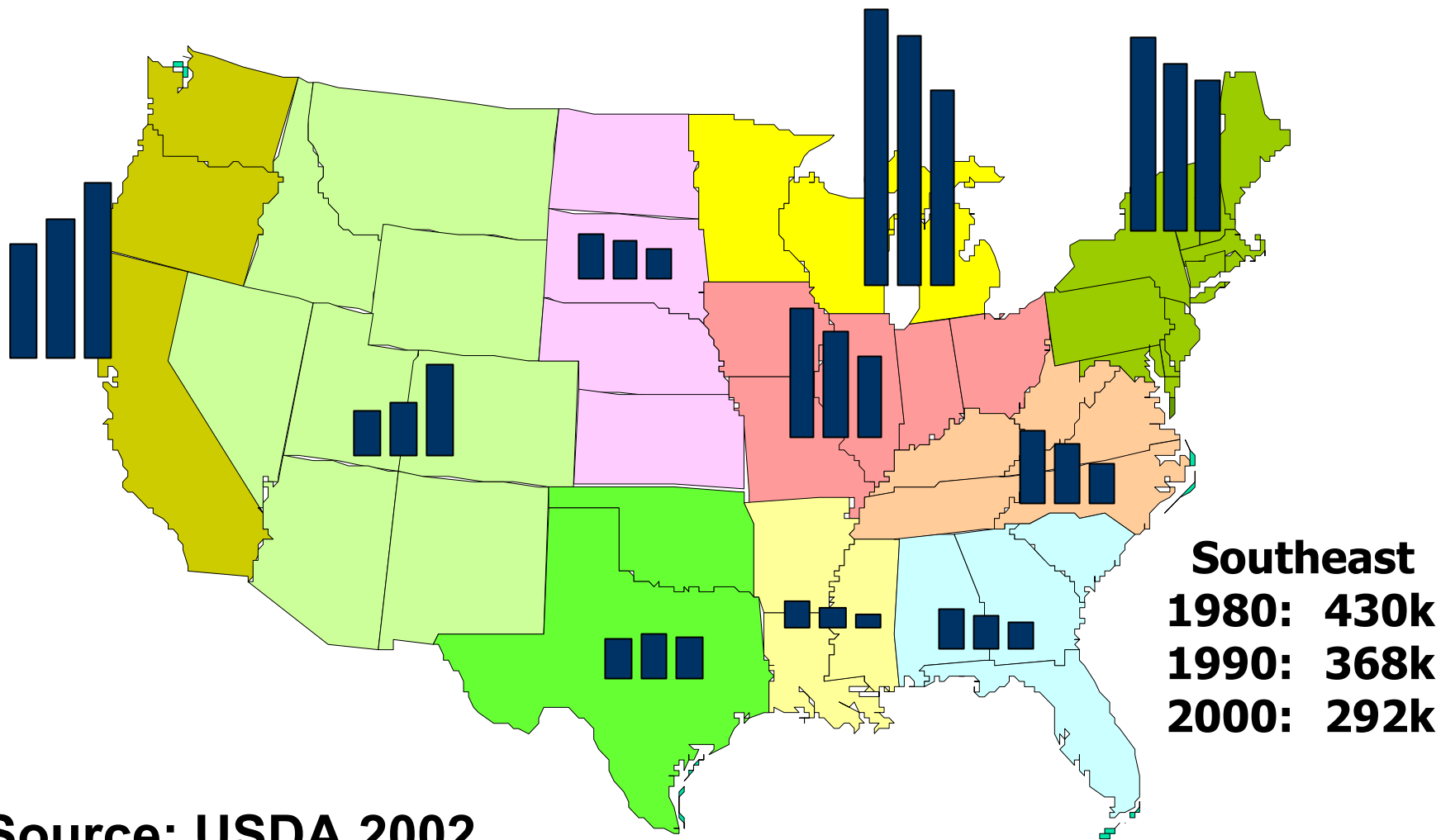
Each Year is 100%



Source: USDA 2002

Dairy Cows

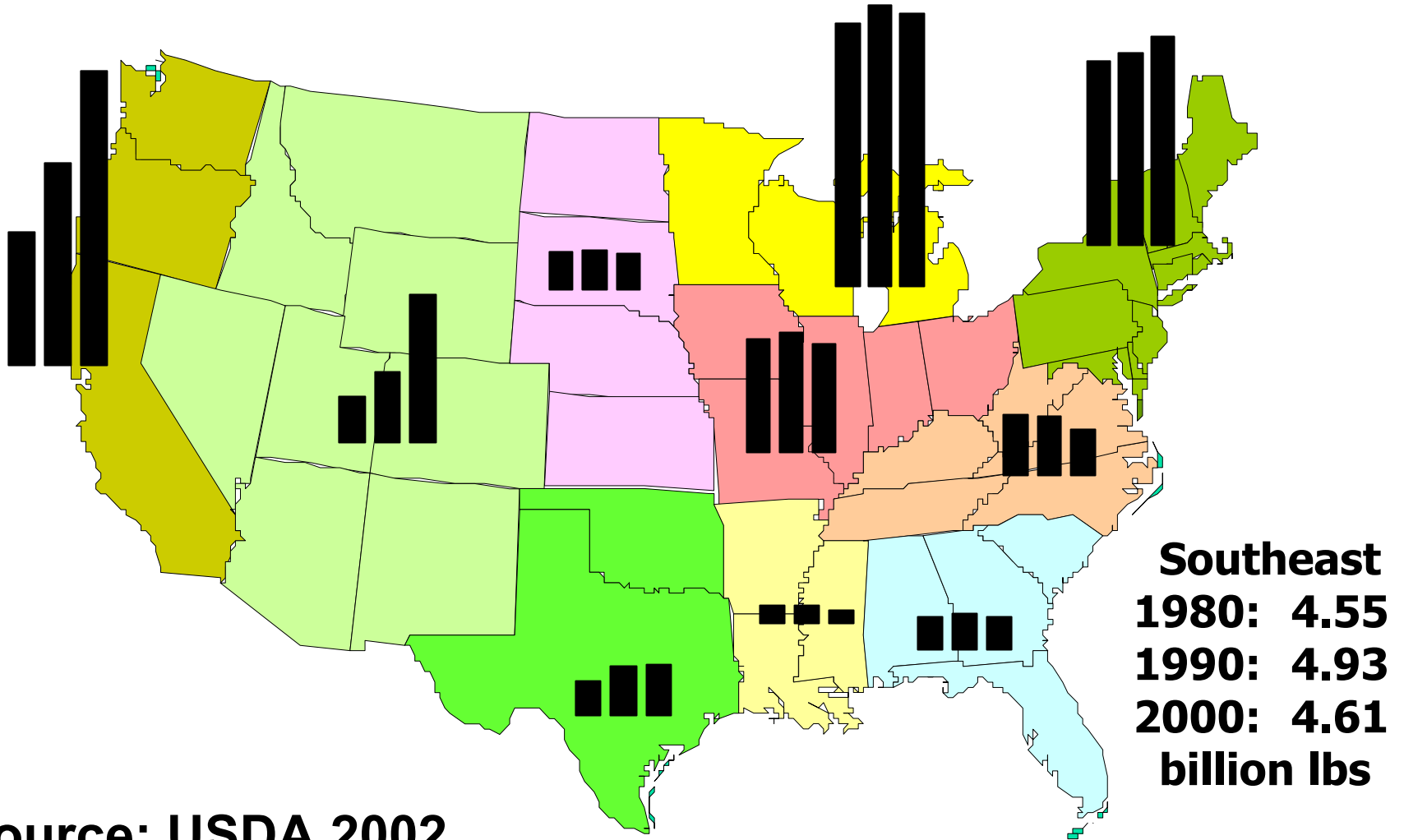
1980, 1990, 2000



Source: USDA 2002

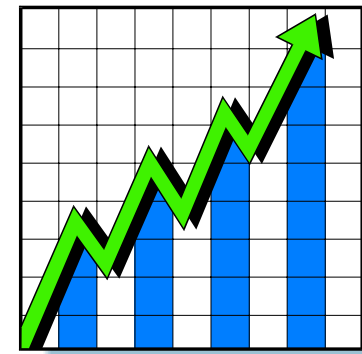
Milk Production (lbs)

1980, 1990, 2000



Source: USDA 2002

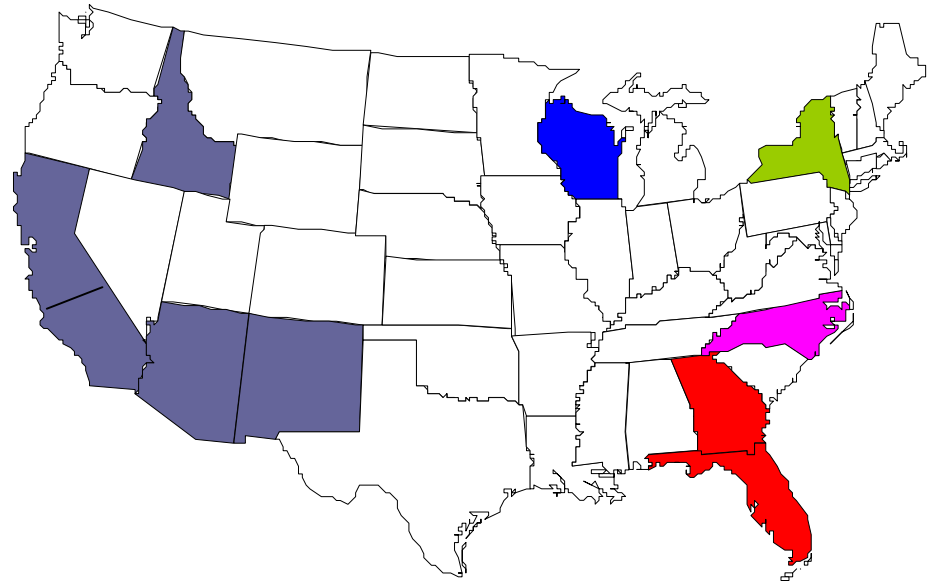
20 Year Trends Summary








- **No growth in Southeast**
 - Fewer operations with milk cows
 - Fewer cows
 - Milk volume about equal
- **Expansion in the West**
 - More cows, more volume

Year 2000 Economic Comparison

Sources:



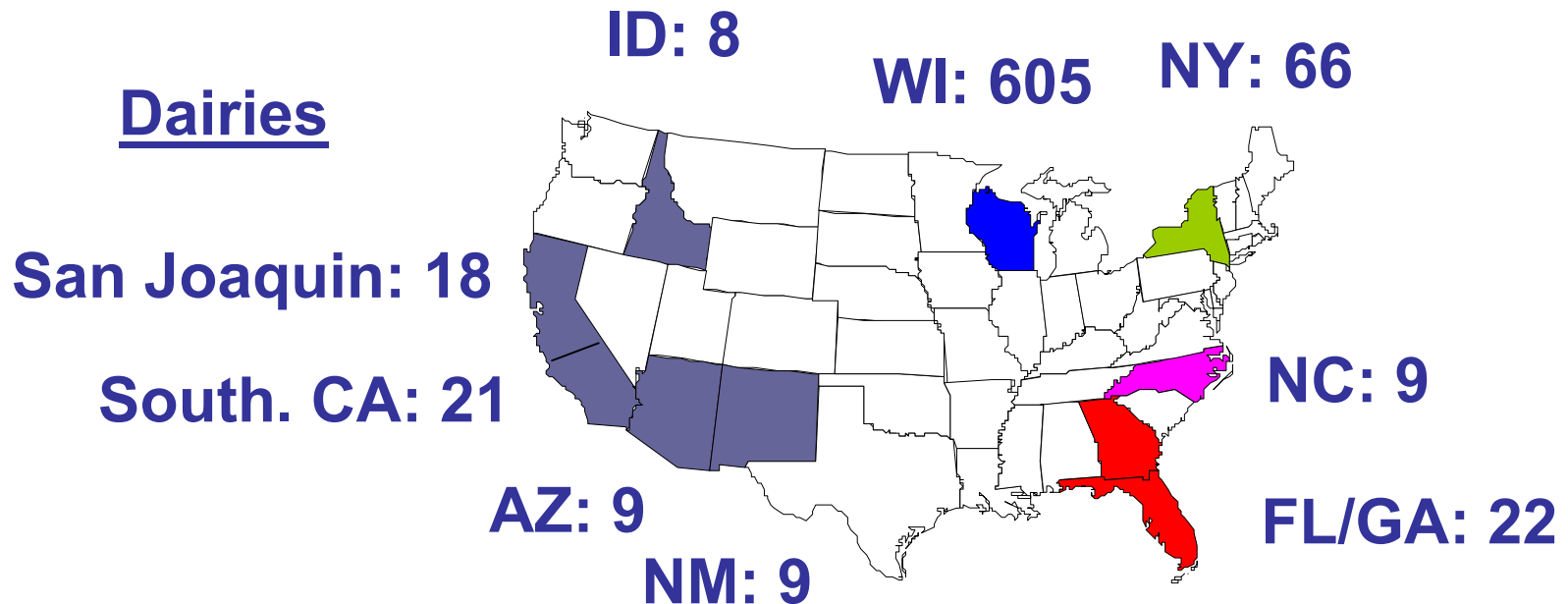
-  Florida / Georgia Dairy Business Analysis Project
-  North Carolina State University
-  New York Farm Business Summary
-  Wisconsin Center for Dairy Profitability
-  Moore Stephens Frazer and Torbet, LLP

Year 2000

Economic Comparison: Challenges

- Are methods the same?
- Averages don't say it all.
- Is data representative for region?

Dairies



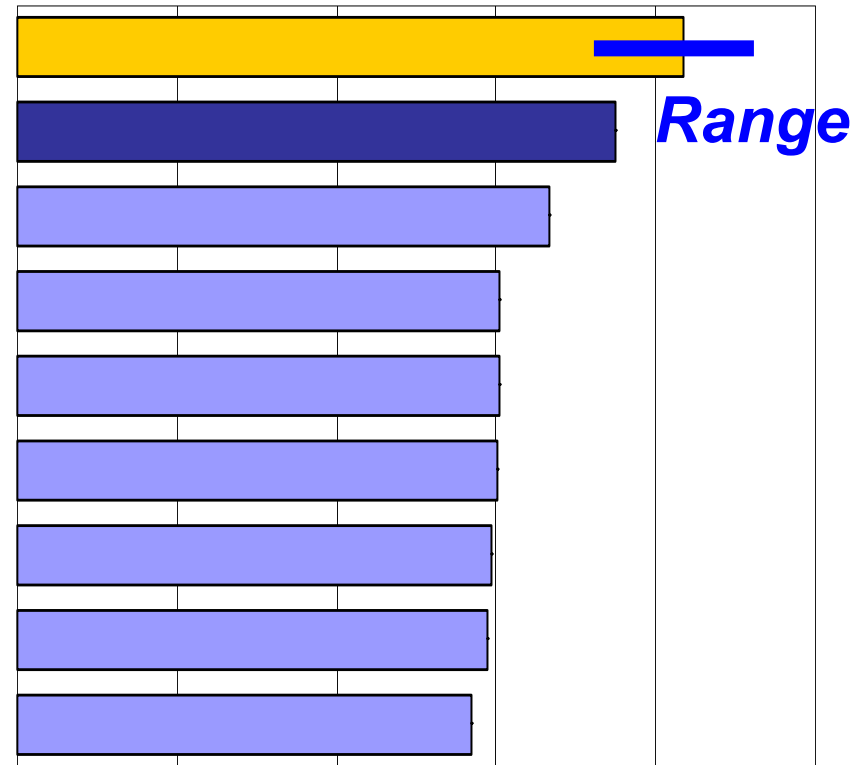


Milk Sales / cwt (\$)



0 4 8 12 16 20

Florida / Georgia	16.68
North Carolina	14.98
New York	13.32
Arizona	12.07
New Mexico	12.06
South. California	12.04
San Joaquin Val.	11.88
Wisconsin	11.76
Idaho	11.40



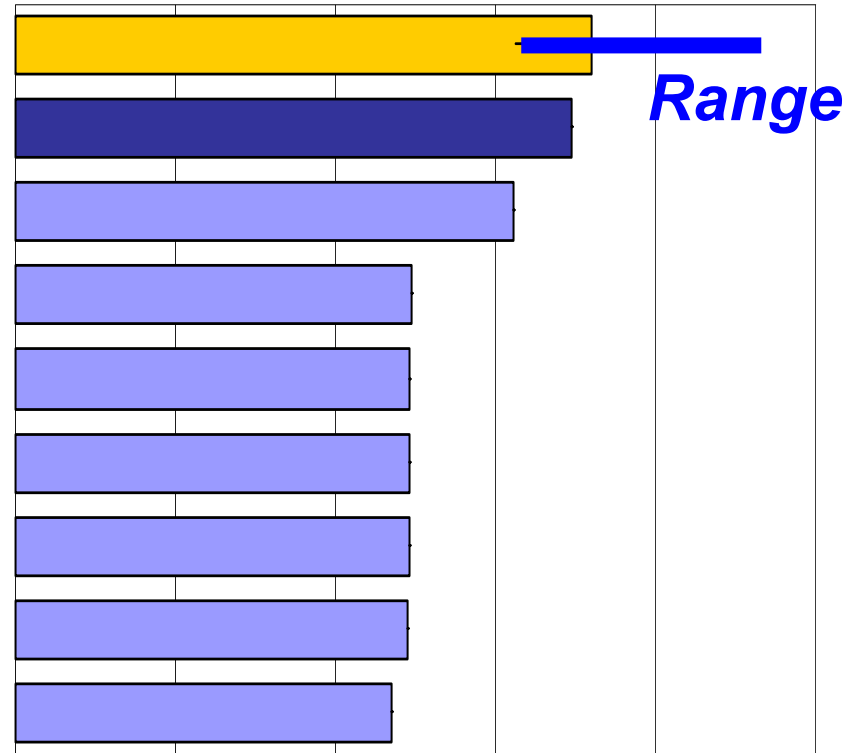


Total Revenues / cwt (\$)



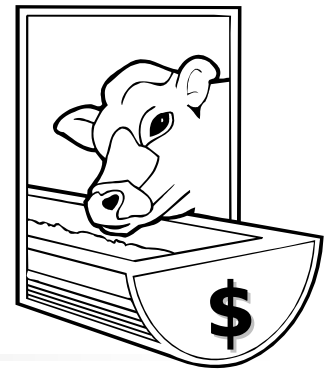
0 5 10 15 20 25

Florida / Georgia	18.03
North Carolina	17.37
New York	15.58
New Mexico	12.39
South. California	12.34
Wisconsin	12.33
Arizona	12.33
San Joaquin Val.	12.28
Idaho	11.76

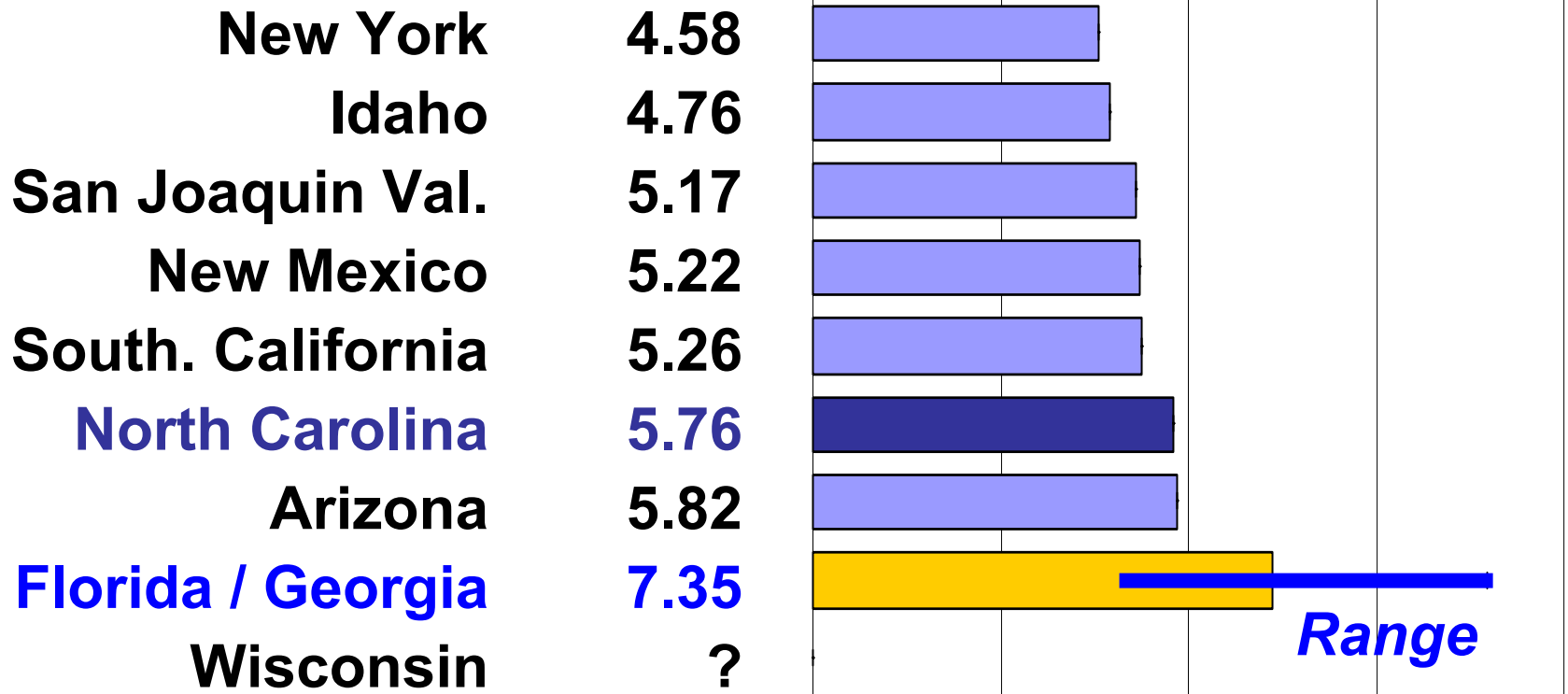


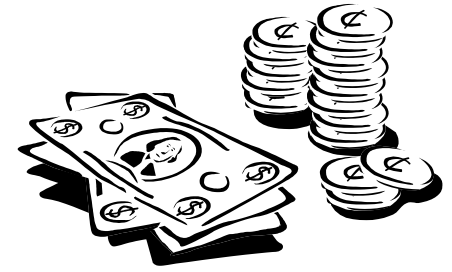


Feed Cost / cwt (\$)



0 3 6 9 12

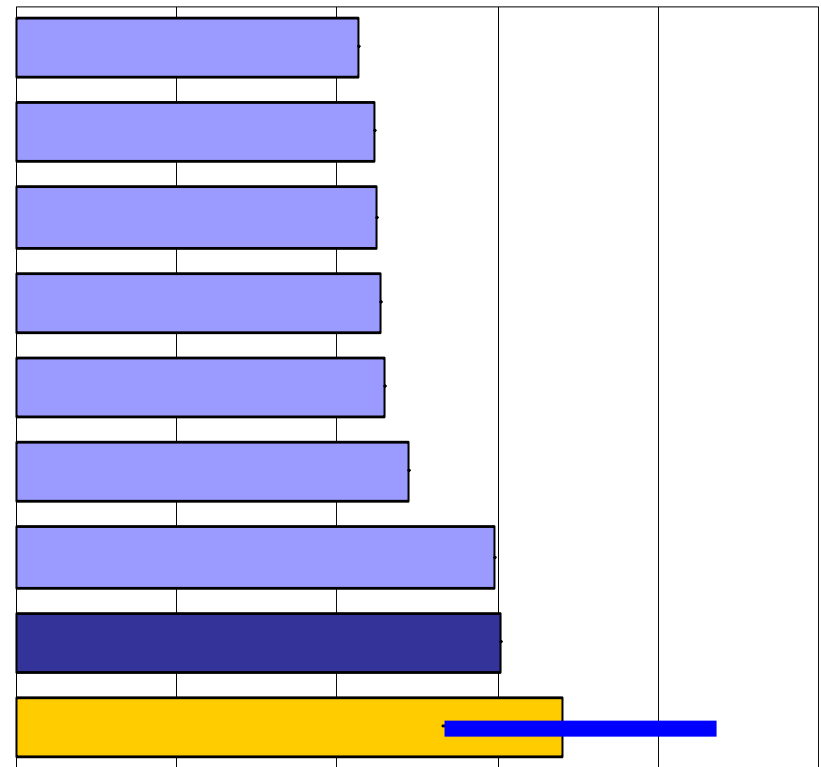




Total Cost / cwt (\$)

0 5 10 15 20 25

Idaho	10.65
Wisconsin	11.13
South. California	11.24
San Joaquin Val.	11.33
New Mexico	11.46
Arizona	12.21
New York	14.92
North Carolina	15.08
Florida / Georgia	17.03



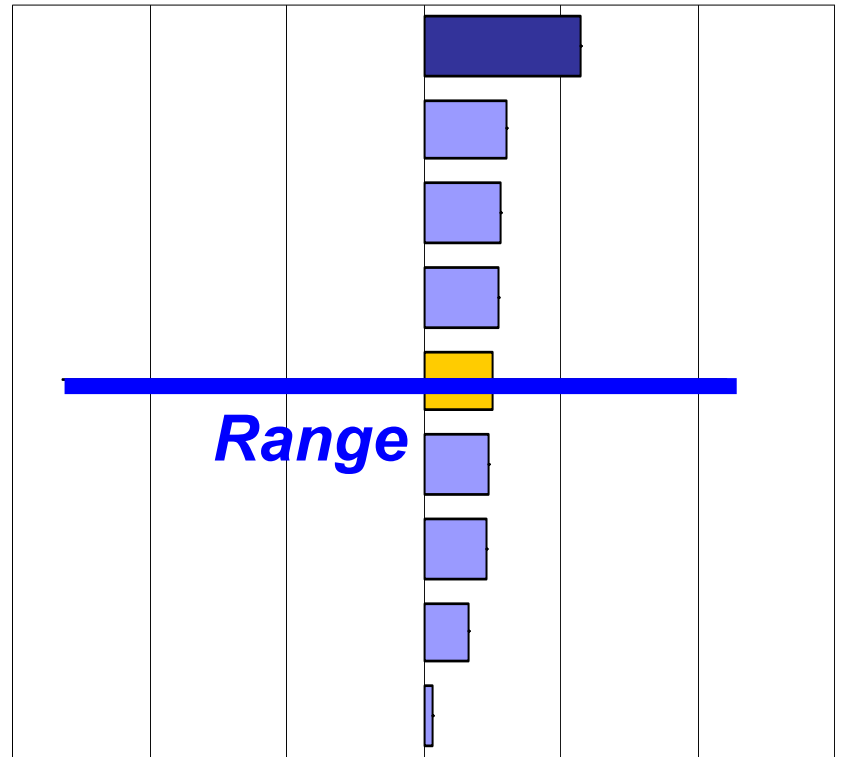
Range

**Revenue – Cost =
Net Income / cwt (\$)**



-6 -4 -2 0 2 4 6

North Carolina	2.29
Wisconsin	1.20
Idaho	1.11
South. California	1.10
Florida / Georgia	1.00
San Joaquin Val.	0.95
New Mexico	0.93
New York	0.66
Arizona	0.12

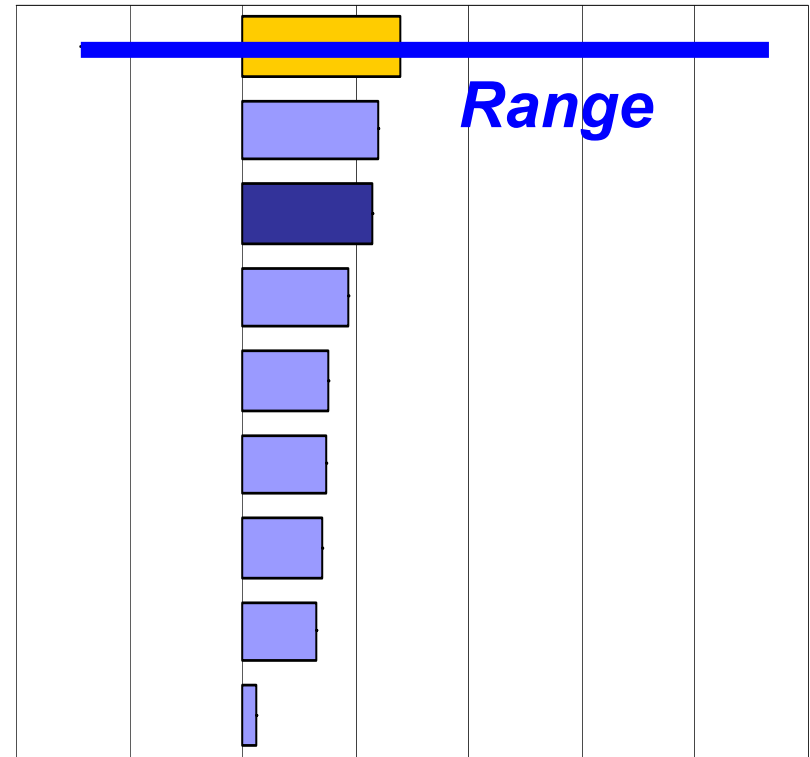




Rate of Return on Assets (%)

-10 -5 0 5 10 15 20 25

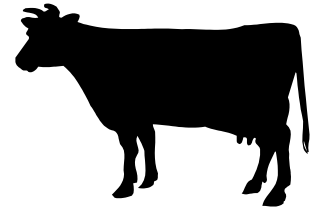
Florida / Georgia	7.0
Idaho	6.0
North Carolina	5.7
New Mexico	4.7
New York	3.8
South. California	3.7
Wisconsin	3.5
San Joaquin Val.	3.3
Arizona	0.6





Florida / Georgia: Top 5 Net Income / cwt

	Average	Top 5
Number of Cows	1,122	1,891
Milk / cow (kg)	8,135	8,934
Assets / cow (\$)	4,460	4,252
Milk Sales / cwt (\$)	15.68	17.07
Total Revenues / cwt (\$)	18.03	17.93
Feed Cost / cwt (\$)	7.35	6.82
Labor Cost / cwt (\$)	2.74	2.13
Total Cost / cwt (\$)	17.03	14.50
Net Income / cwt (\$)	1.00	3.43
Rate of Return on Assets (%)	7.0	17.1



Economic Comparison Summary

- **Southeast compared to other regions:**
 - Higher revenue / cwt
 - Higher cost / cwt
 - Competitive profitability
- **Considerable variation between farms in Florida / Georgia.**
- **FL / GA Top 5: cost control.**
- **Opportunity for well-managed herds.**



Thank You!

