



Profitability of U.S. Dairy Farms

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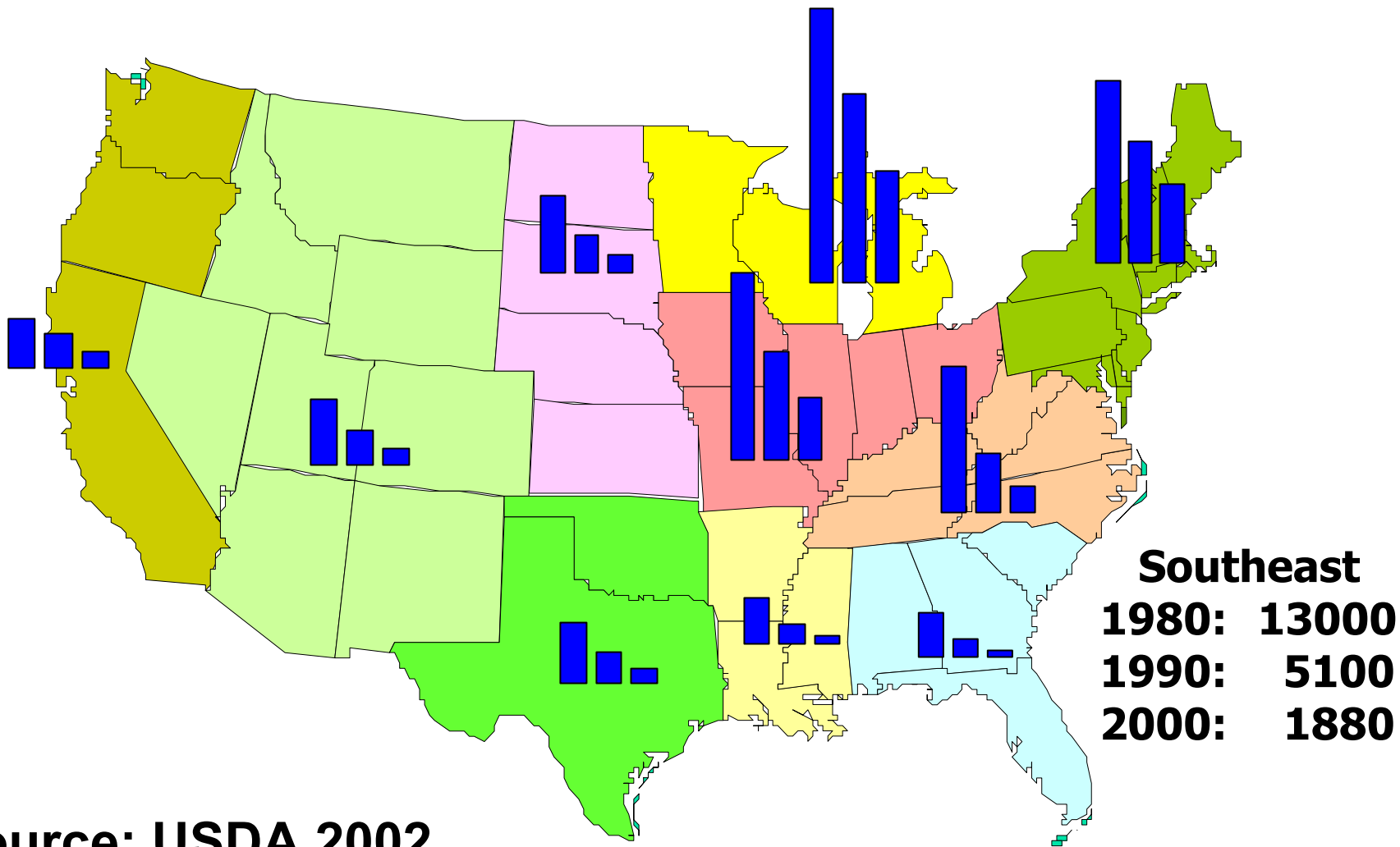
Outline

- **Trends in U.S. milk production**
- **Compare milk production economics**
 - **Southeast – other regions in U.S.**
- **DBAP 2001 results**



Operations with Milk Cows

1980, 1990, 2000

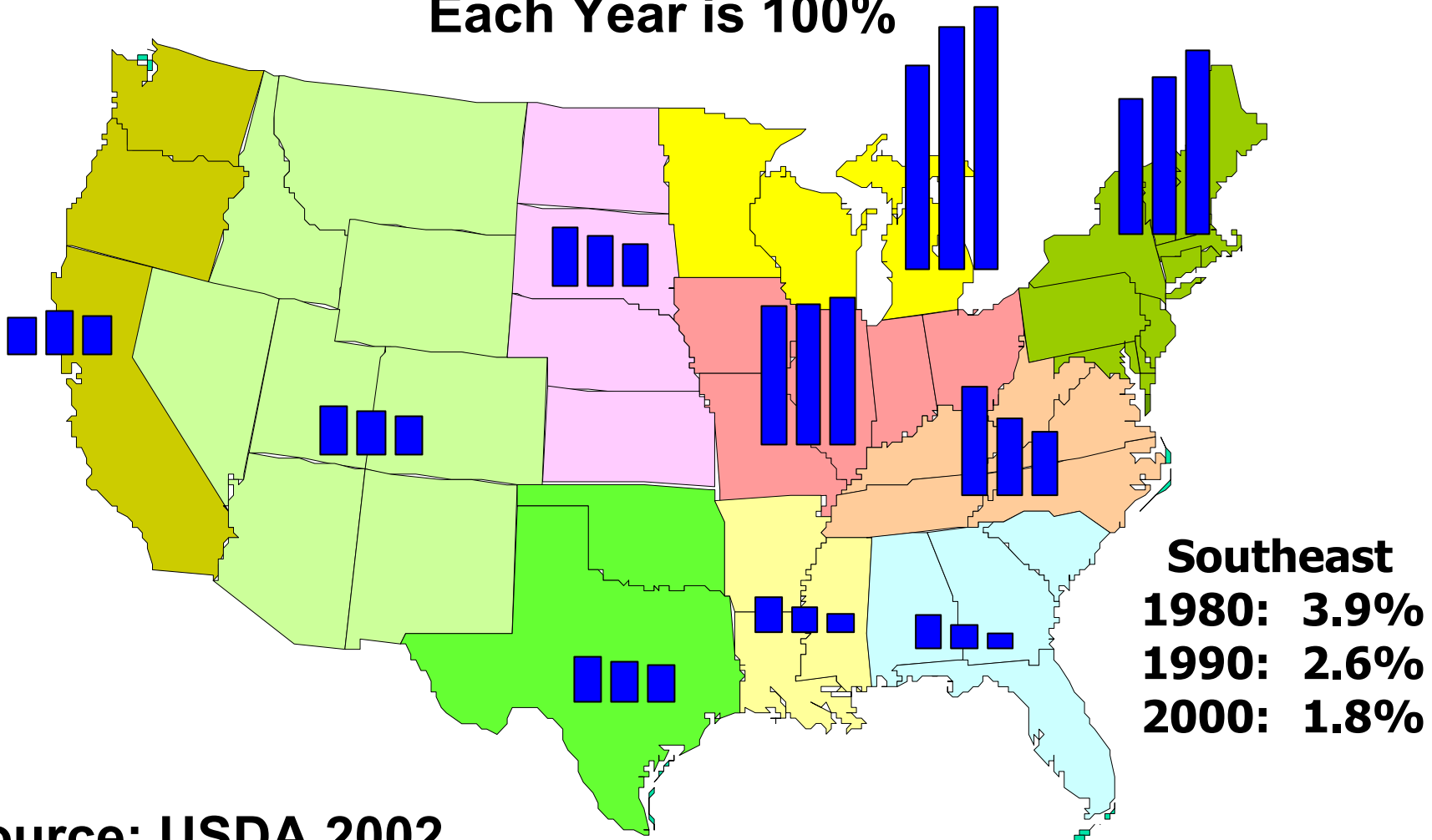


Source: USDA 2002

Operations with Milk Cows (%)

1980, 1990, 2000

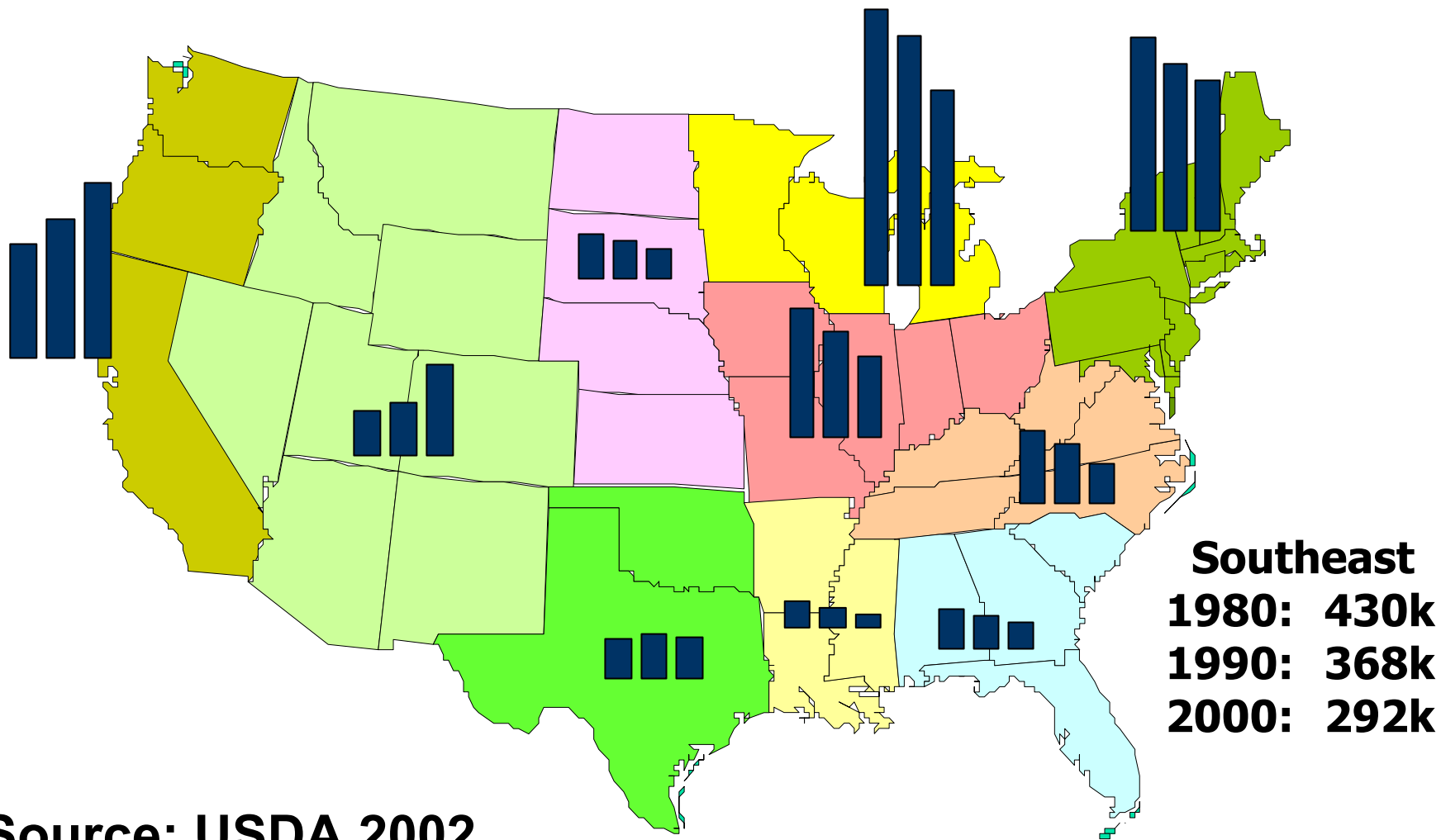
Each Year is 100%



Source: USDA 2002

Dairy Cows

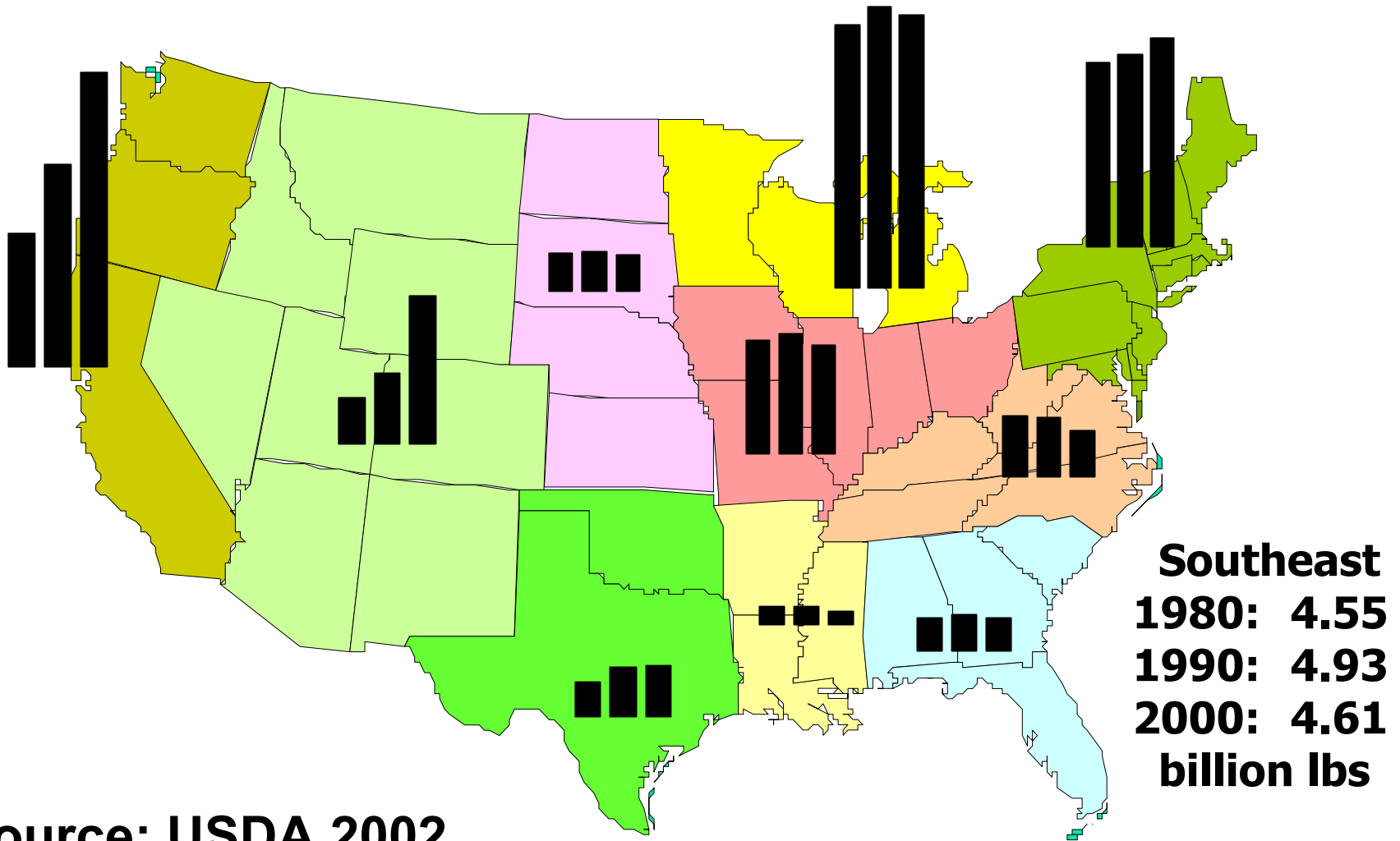
1980, 1990, 2000



Source: USDA 2002

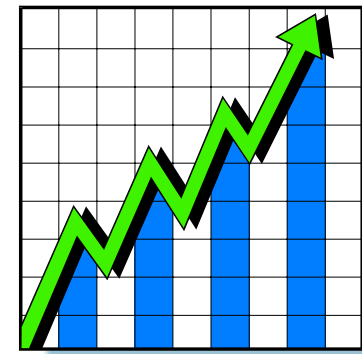
Milk Production (lbs)

1980, 1990, 2000



Source: USDA 2002

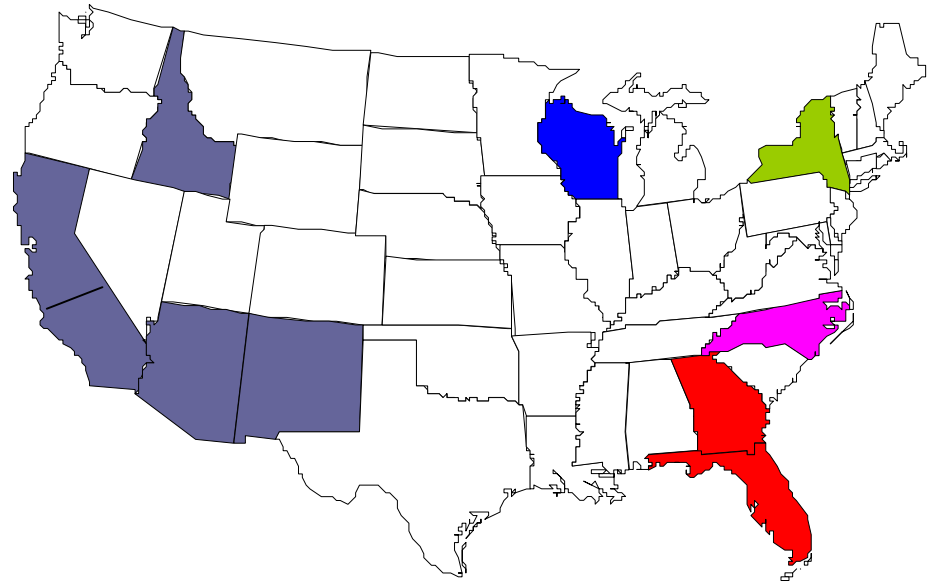
20 Year Trends Summary








- **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:



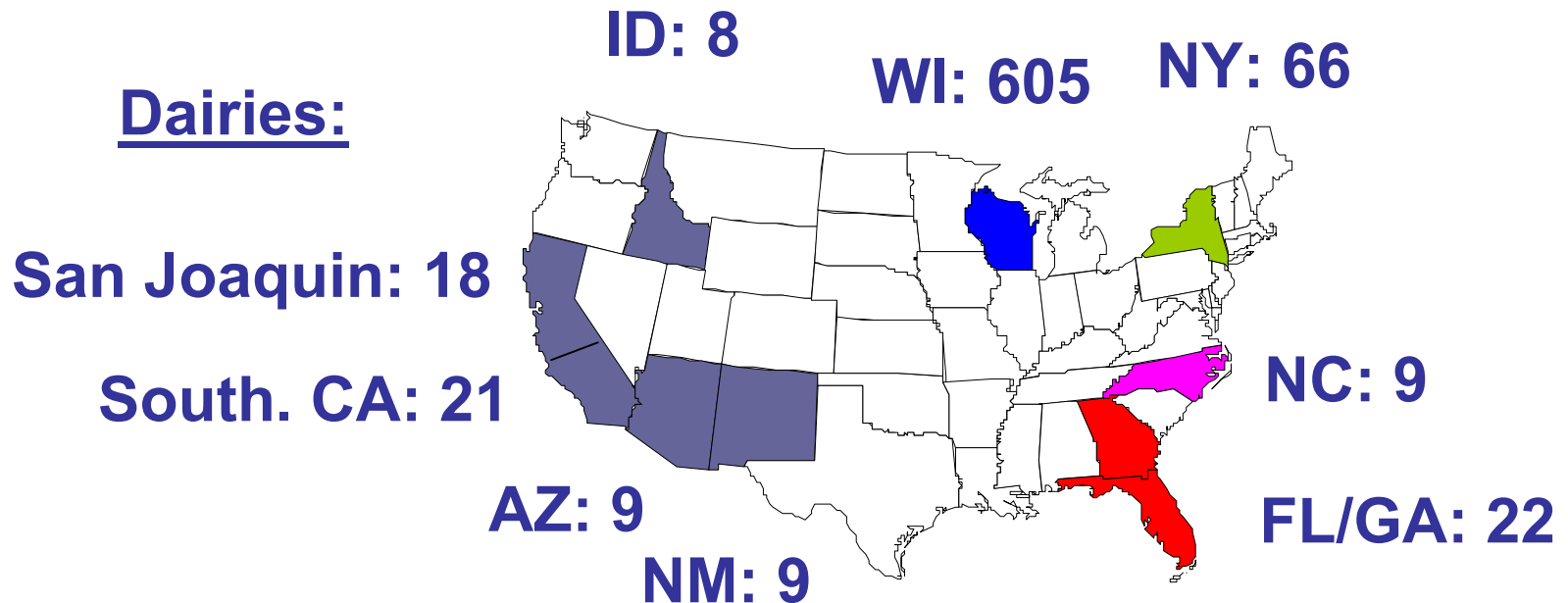
-  **Florida / Georgia Dairy Business Analysis Project**
-  **North Carolina State University**
-  **New York Farm Business Summary**
-  **Wisconsin Center for Dairy Profitability**
-  **Moore Stephens Frazer and Torbet, LLP**

Year 2000

Economic Comparison: Challenges

- Are methods the same?
- Is data representative for region?
- Averages don't show variation in region.

Dairies:



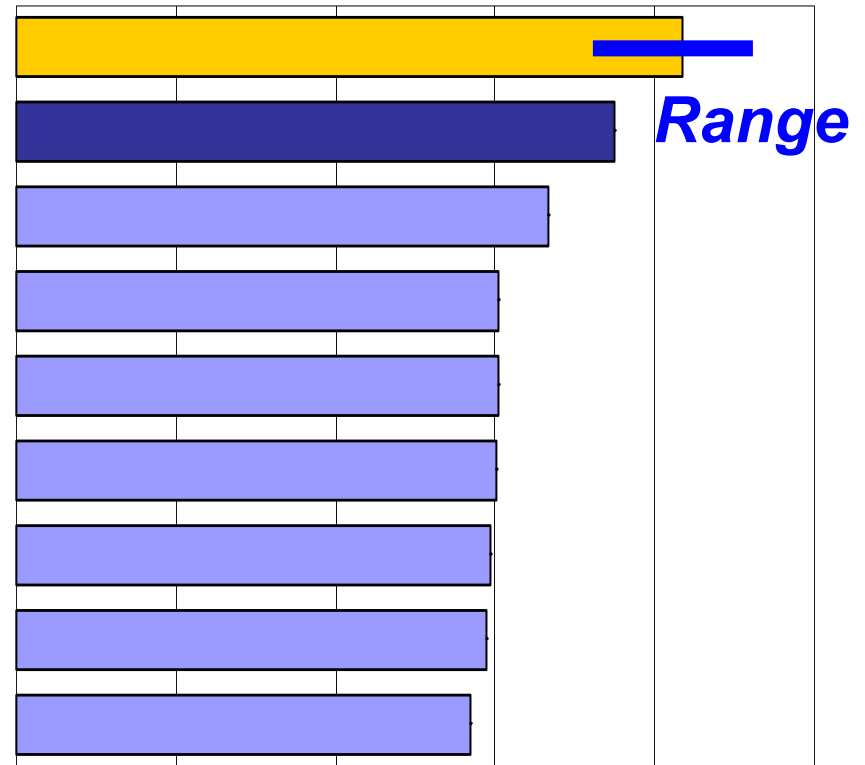
2000

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



2000

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

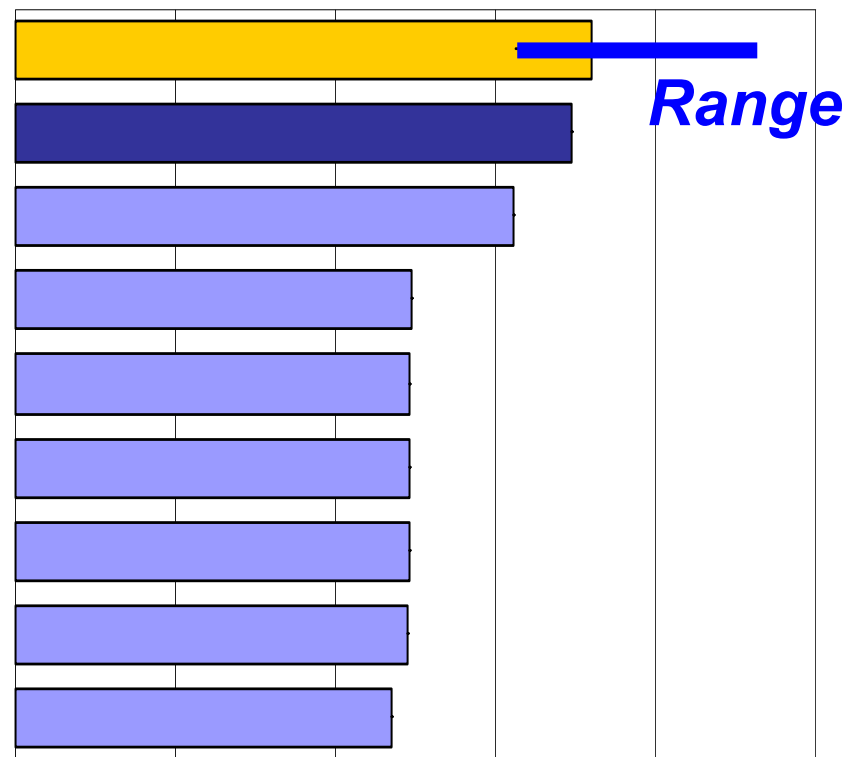
South. California 12.34

Wisconsin 12.33

Arizona 12.33

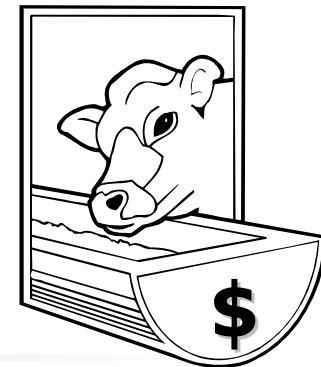
San Joaquin Val. 12.28

Idaho 11.76

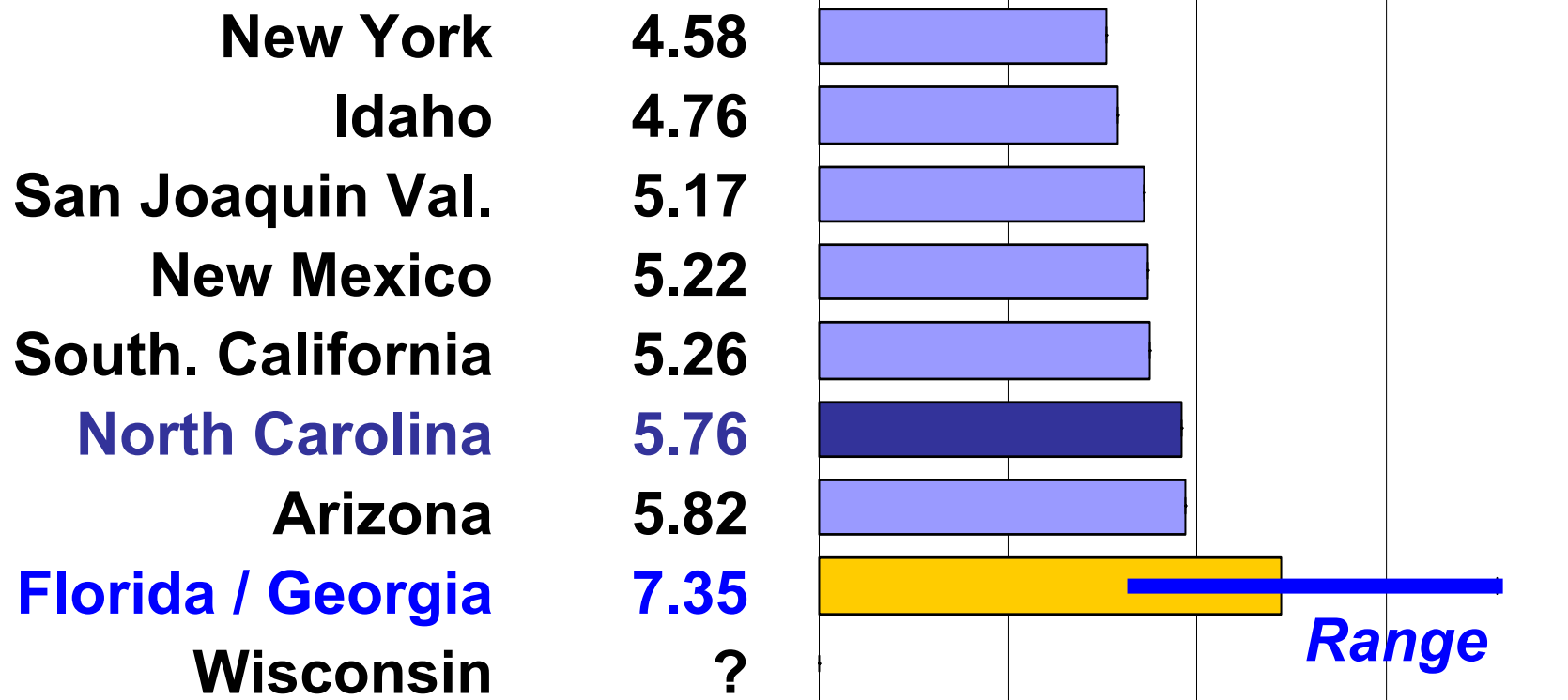


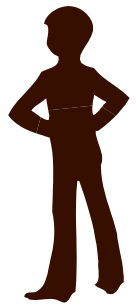
2000

Feed Cost / cwt (\$)



0 3 6 9 12





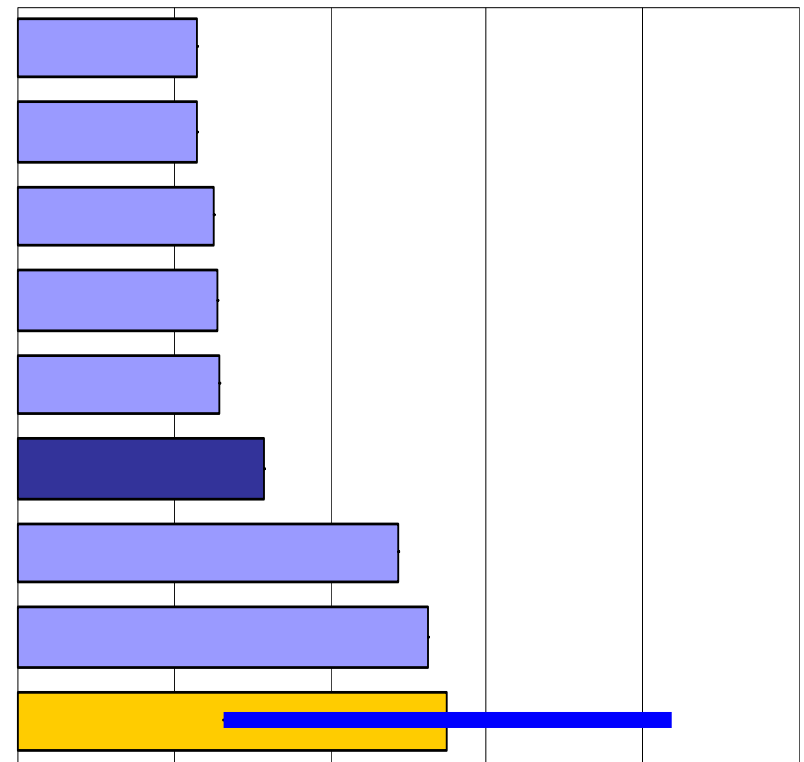
2000

Labor Cost / cwt (\$)



0 1 2 3 4 5

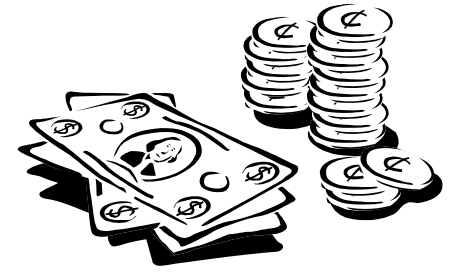
New Mexico	1.15
San Joaquin Val.	1.15
Idaho	1.25
Arizona	1.28
South. California	1.29
North Carolina	1.58
Wisconsin	2.44
New York	2.62
Florida / Georgia	2.74



Range

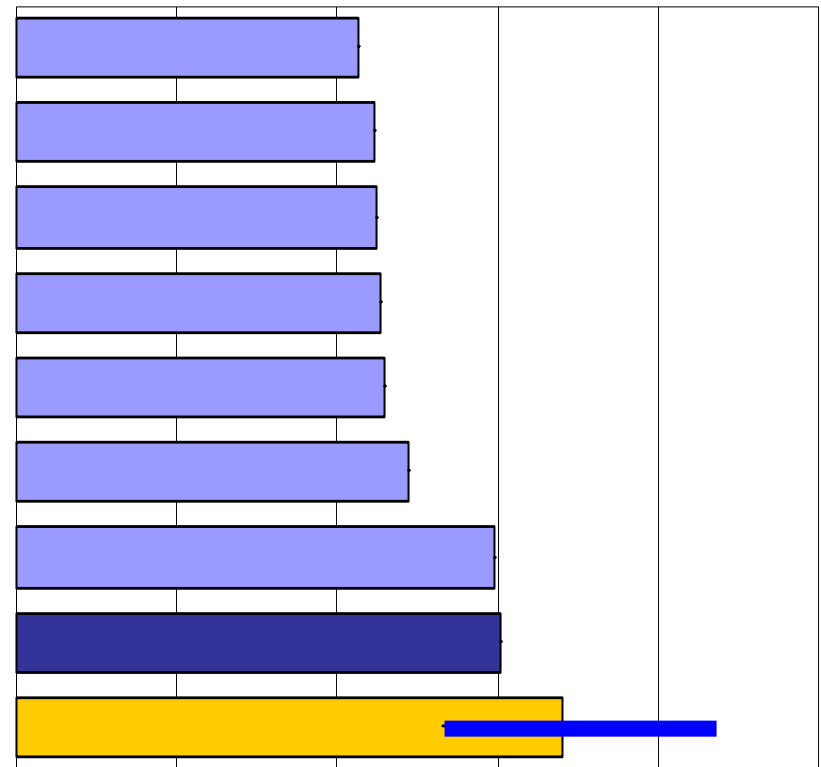
2000

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

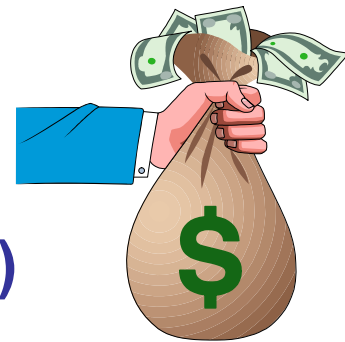


Range

2000

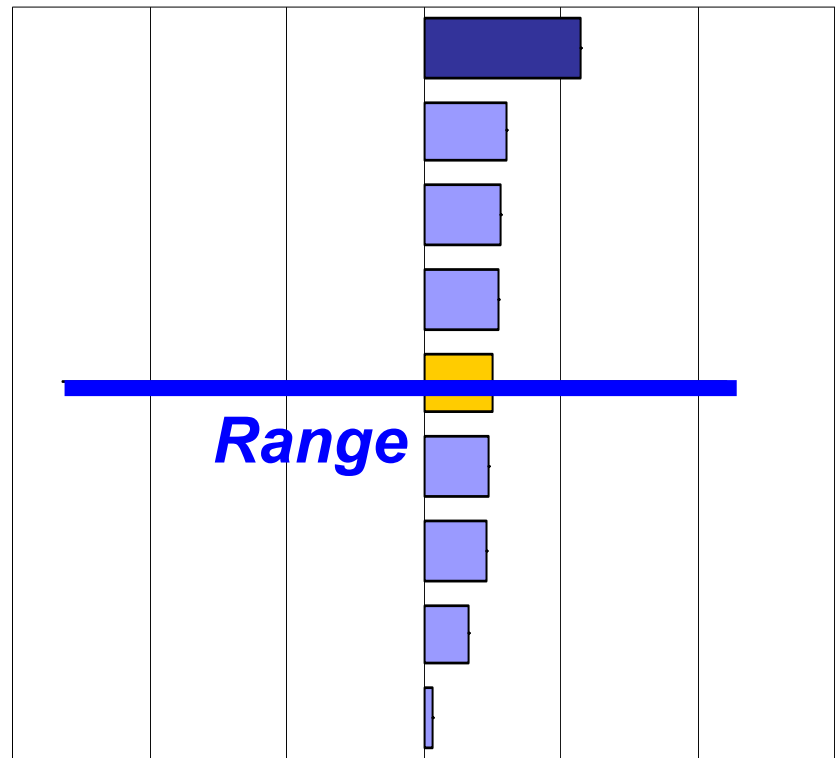
Revenue – Cost =

Net Farm Income from Operations / 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



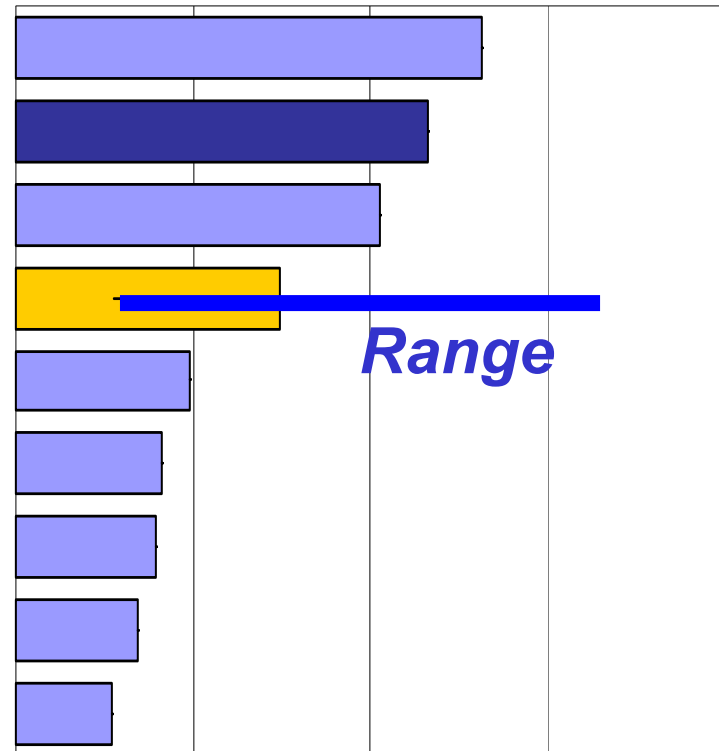
2000

Assets / Cow (\$)



0 3000 6000 9000 12000

Wisconsin	7,911
North Carolina	6,995
New York	6,179
Florida / Georgia	4,460
Arizona	2,961
San Joaquin Val.	2,463
South. California	2,367
Idaho	2,071
New Mexico	1,616



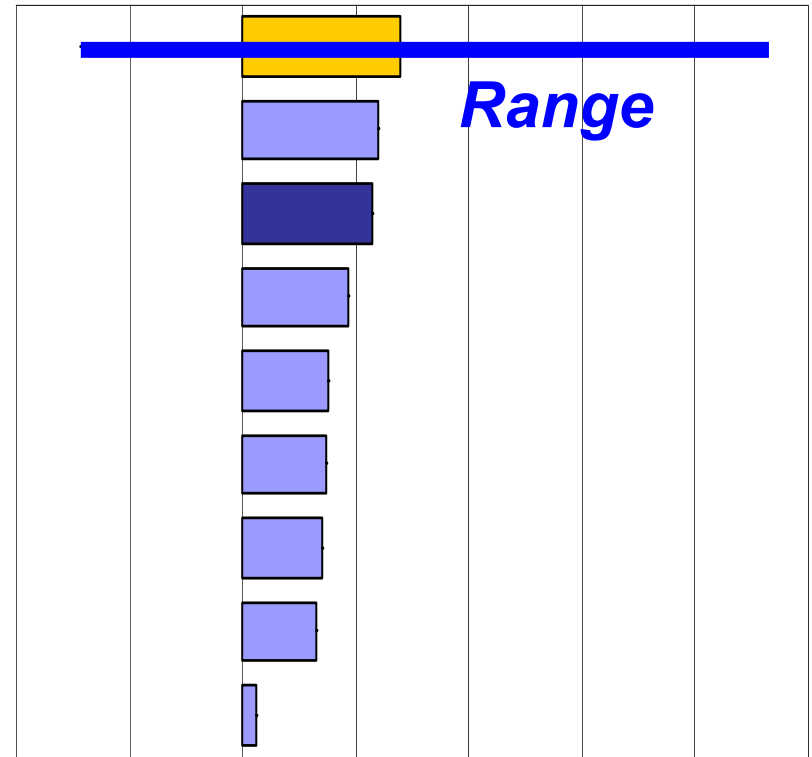
2000

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



DBAP 2001 Preliminary Results

37 dairies (10/7/2002)

- **26 Florida**
- **10 Georgia**
- **1 Alabama**



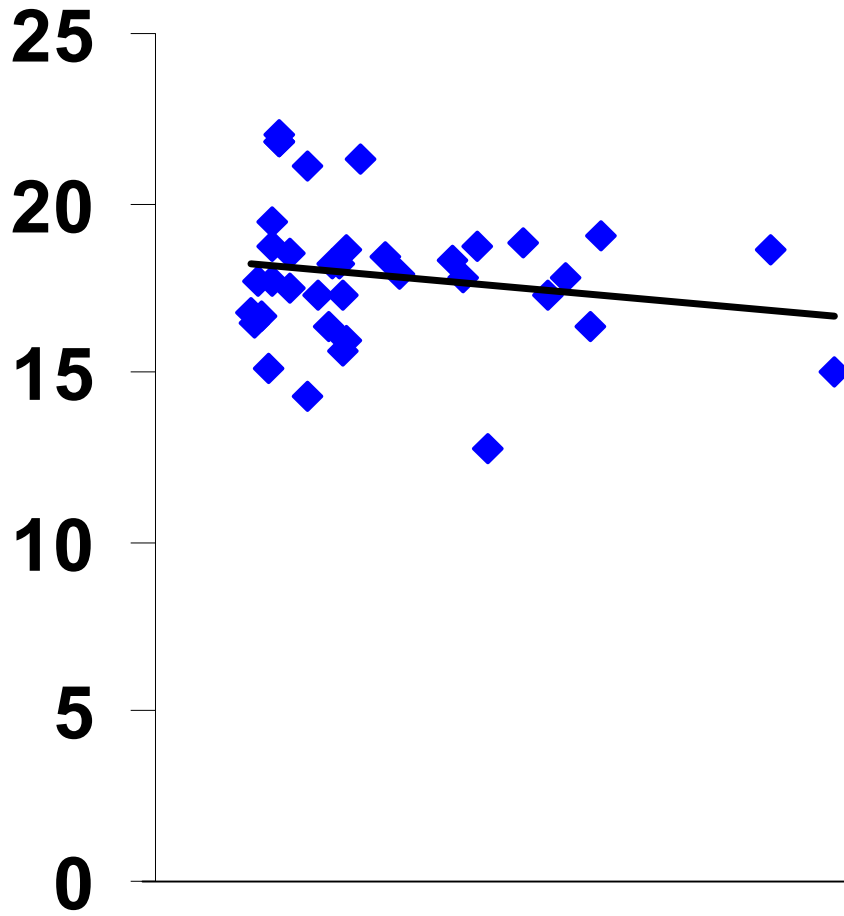


DBAP 2001 Preliminary Results

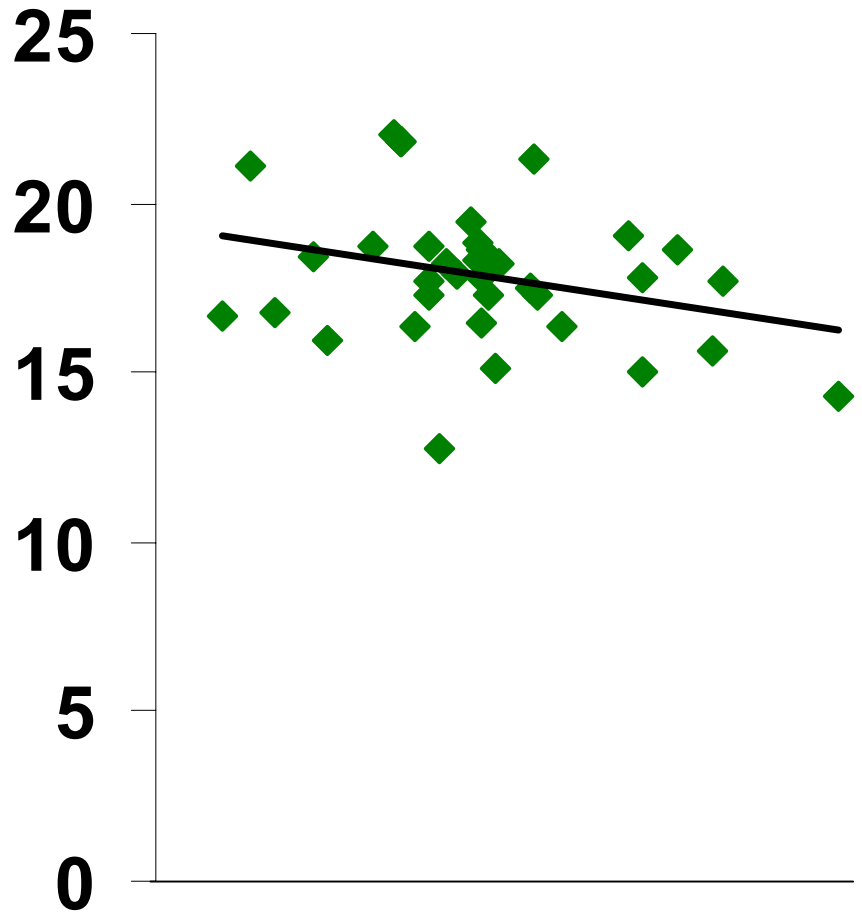
Top 6 based on Net Farm Income from Operations / cwt

	Average	Top 6
Number of Cows	819	835
Milk / cow (lbs)	16,863	18,281
Assets / cow (\$)	5,108	5,584
Milk Sales / cwt (\$)	18.27	17.71
Total Revenues / cwt (\$)	20.25	20.63
Purchased Feed Cost / cwt (\$)	7.26	5.31
Labor Cost / cwt (\$)	2.71	1.88
Total Cost / cwt (\$)	18.07	15.56
Net FIFO / cwt (\$)	2.14	5.07
Rate of Return on Assets (%)	7.7	15.3

Total Cost / cwt (\$)

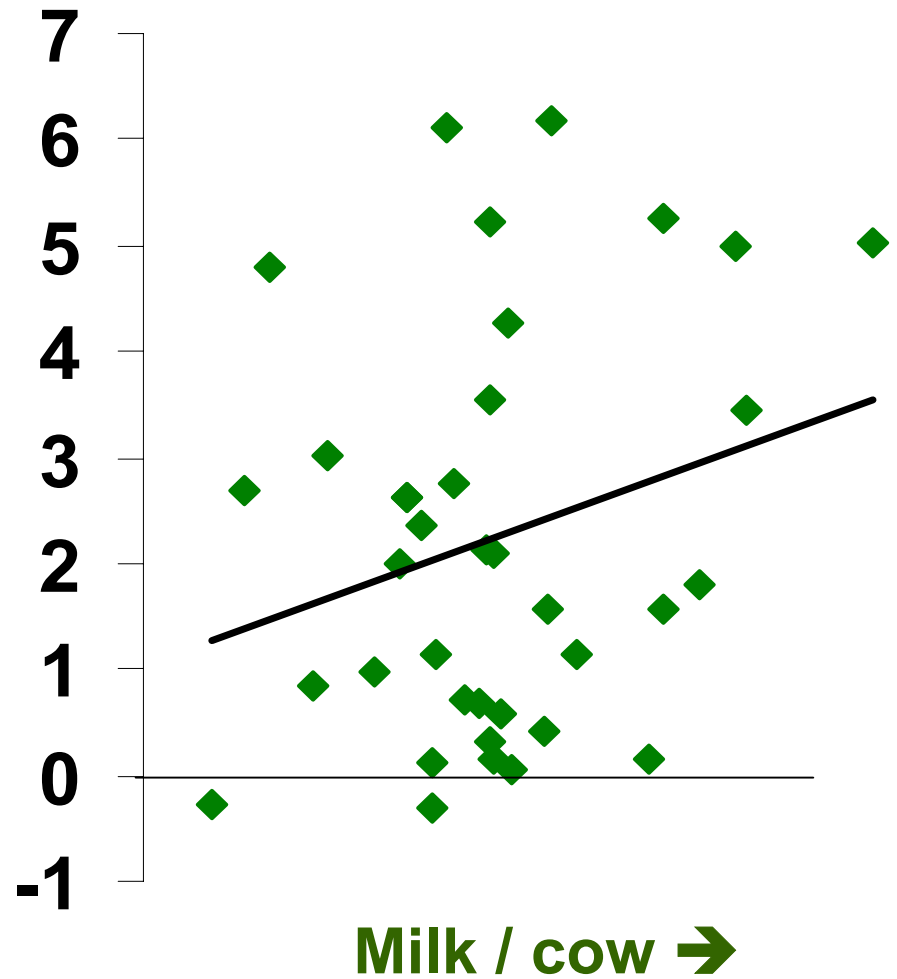
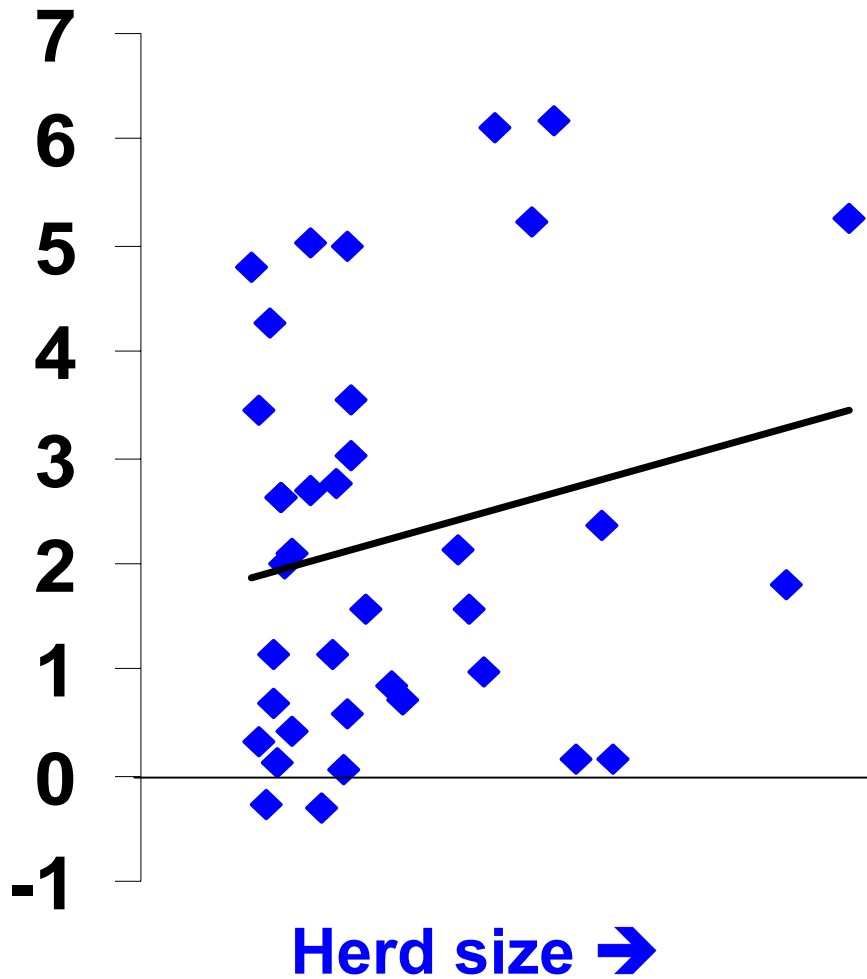


Herd size →

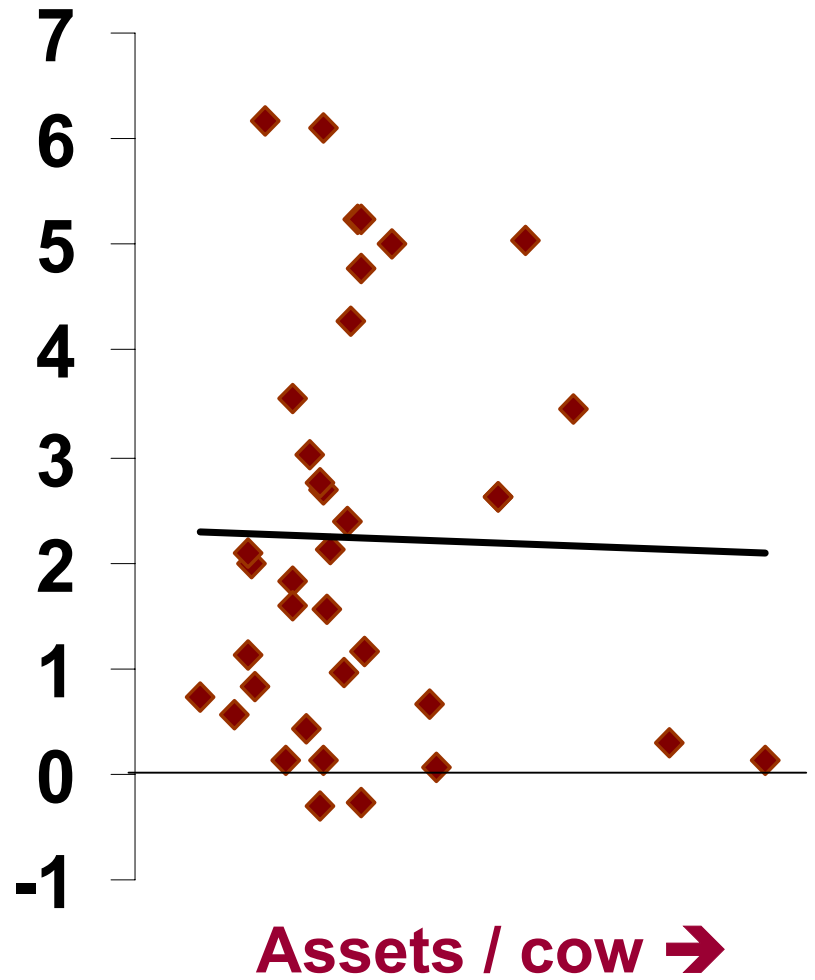
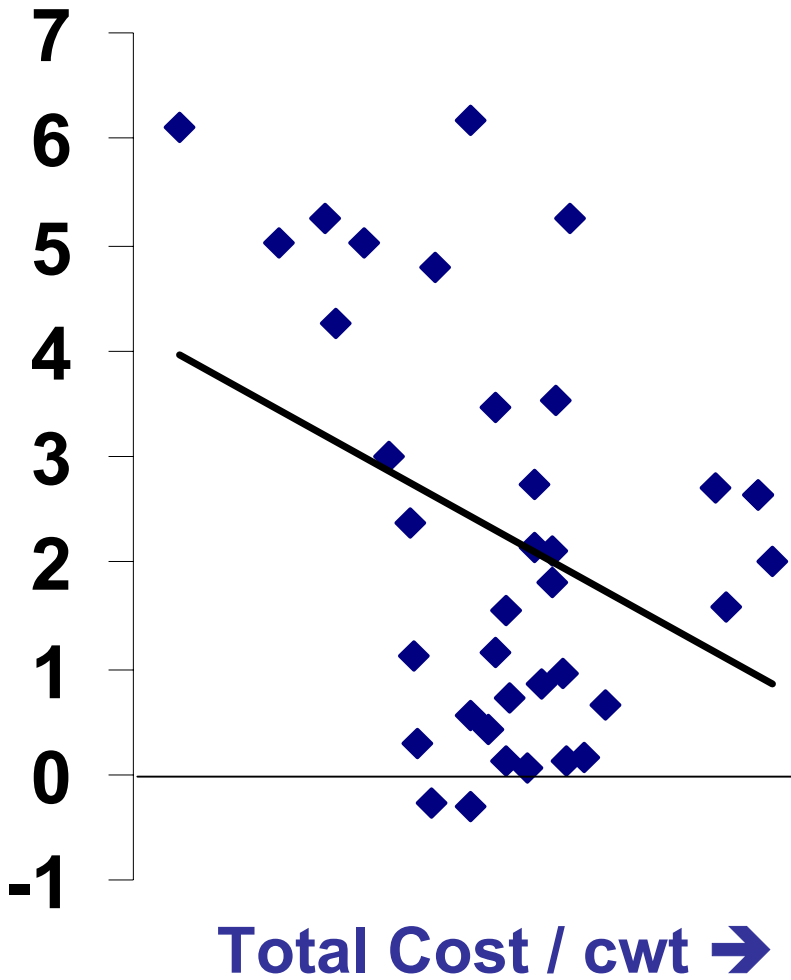


Milk / cow →

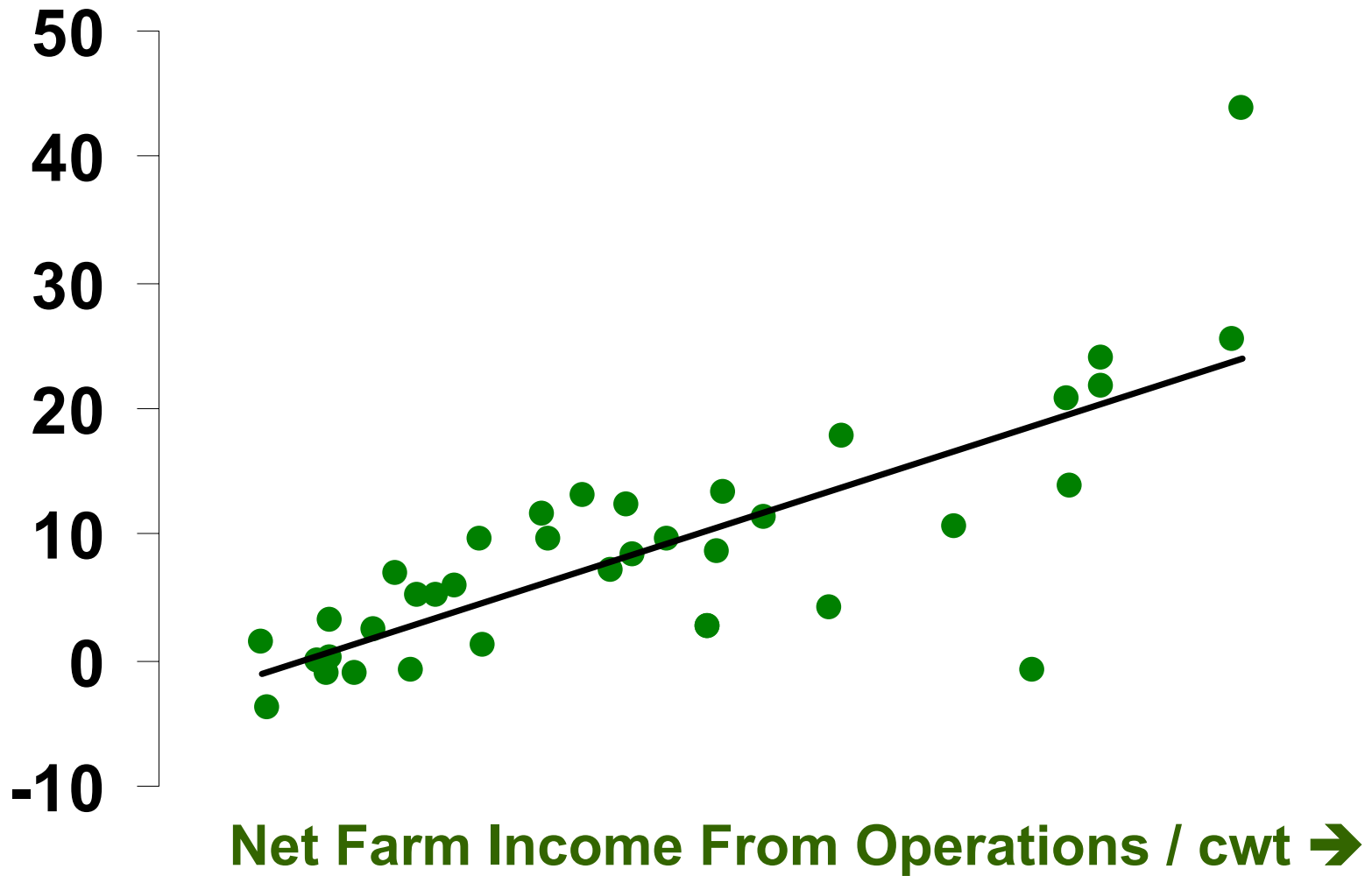
Net Farm Income From Operations / cwt (\$)

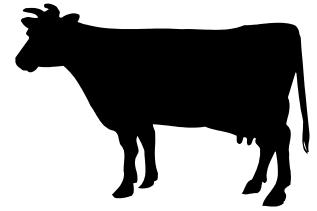


Net Farm Income From Operations / cwt (\$)



Rate of Return on Assets (%)





Economic Data Summary

- **Southeast compared to other regions:**
 - Higher revenue / cwt
 - Higher cost / cwt
 - Competitive profitability
- **Large variation between farms in DBAP**
- **DBAP Top 6: cost control**

