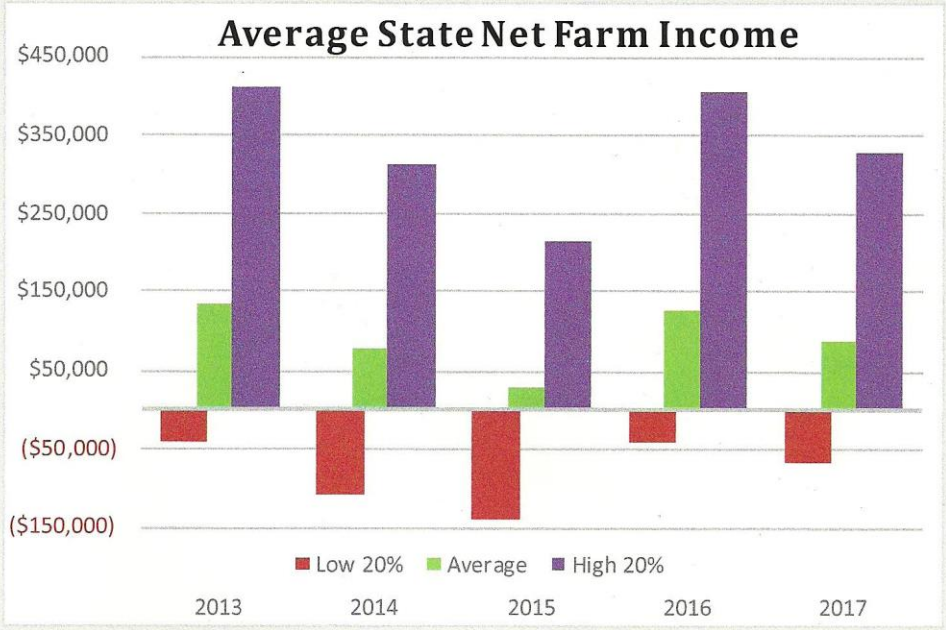
ND FARM MANAGEMENT EDUCATION

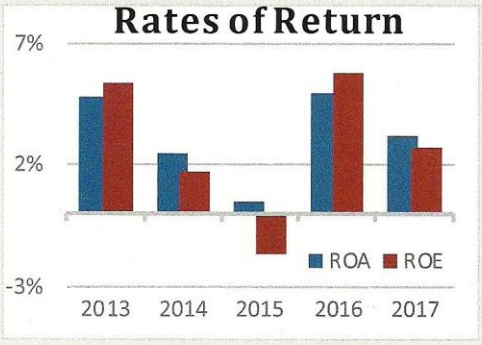
Highlights from the 2017 North Dakota Averages

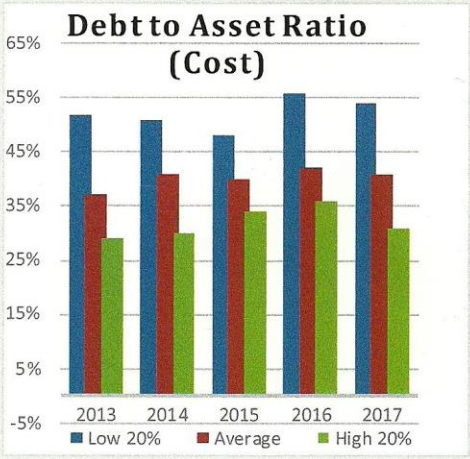
"Our Mission is to provide lifelong learning opportunities in economic and financial management for adults involved in the farming and ranching business."

Average net farm income for the 457 farms that were included in the 2017 North Dakota Farm and Ranch Business Management Report was $88,026 compared to $126,752 in 2016. Median net farm income, probably a better measure of the typical farm, was $50,998, compared to $83,683 in 2016 and $18,999 in 2015. Yields were down across the state and commodity prices were lower than 2016. Cattle prices rebounded from 2016, pushing the average net return to $184.58 per cow in 2017 as compared to $60.06 per cow in 2016.

Rate of return on assets was 3.2% and rate of return on equity averaged 2.7%, discontinuing last years' trend where rate of return on equity was greater than the rate of return on assets. This illustrates a higher level of debt and indicates borrowed money is returning less to the operations. Term debt coverage ratio dropped from a 1.68 to a 1.43 in 2017. This ratio represents the ability of the average farmer to make payments with money left over for family living costs. While there were dollars left over this year for family living, the margin wasn't as comfortable as 2016. Working capital for the group averaged $233,815 compared to $221,250 in 2016. Working capital as compared to gross farm revenues increased from 33% in 2016 to 36% in 2017, putting most operations in a slightly better position over the previous year in this measure.







The average farm size was 2,427 acres, of which 490 were pasture. The average farmer was 45.8 years of age and has farmed for 21.5 years.

The average nonfarm income for 2017 for the farms enrolled in the North Dakota Farm and Ranch Business Management Programs was $35,451 compared to $36,008 in 2016.

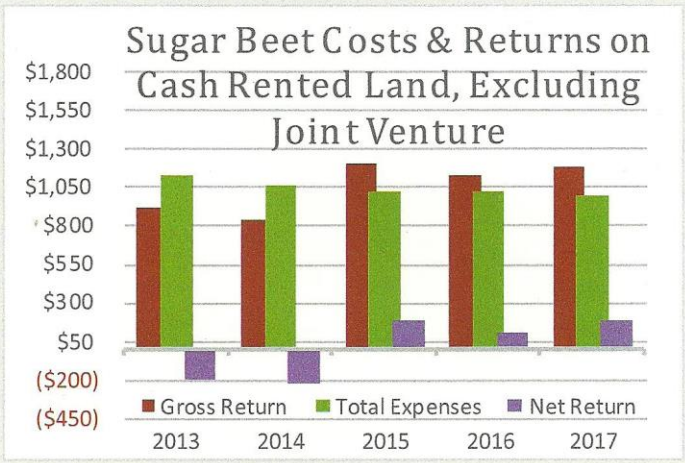
Highlights from the 2017 Red River Valley Averages

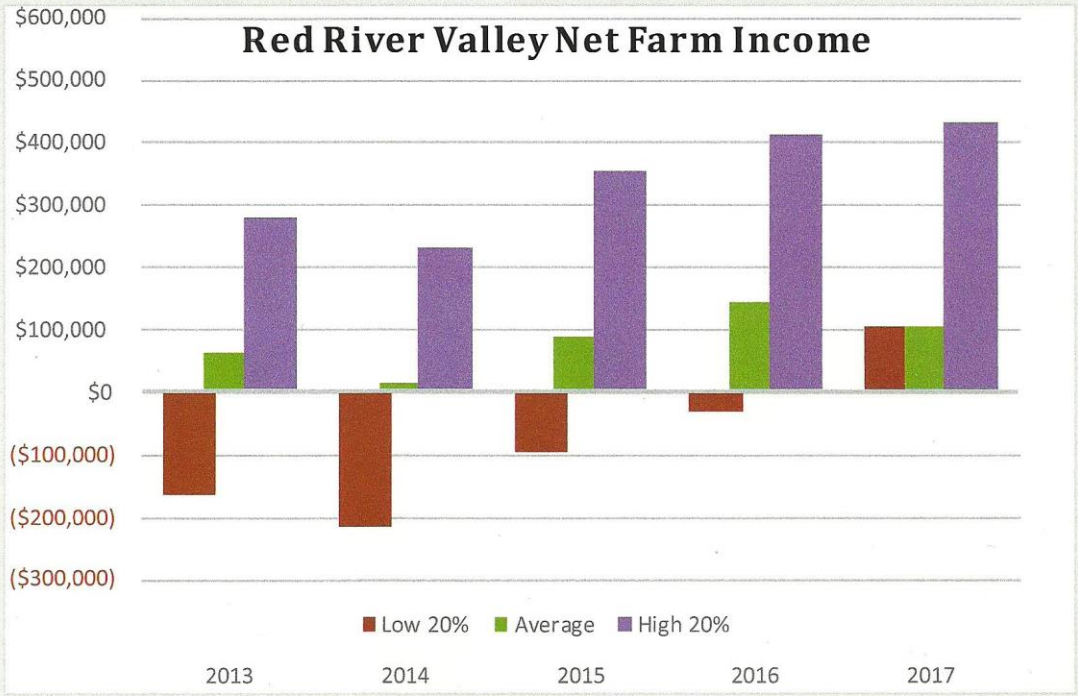
Overview for Red River Valley

The Red River Valley overview includes information from 235 farms located up and down the Red River Valley. Net Farm Income decreased from $143,489 in 2016 to $102,783 in 2017. Factors that caused this year's net farm income to decrease include lower than average soybean and corn yields in some areas, lower commodity prices, decrease in government payments due to slightly higher than average yields in 2016, and lower sugar beet payments received in the southern valley. The average farmer in the Red River Valley was 48 years of age with 24 years of farming experience. The average size farm was 1,689 acres and farmers spent an average of $877,025 on input costs, a 15% increase from 2016. Machinery purchased was up $13,466 from 2016, but the farms also sold an average of $11,074 of machinery.

2017 Crop Yields and Returns on Cash Rented Land

	Soybeans	HRSW	Corn
Yield/acre	39.02	74.33	176.63
Total Expense/a	$370.72	$378.62	$584.29
Net Return/a	-$2.99	$70.83	-$26.90
Cost/unit produced	$9.50	$5.09	$3.31





Summary of Cash Flows

Gross Farm Income	$1,046,483
Non Farm Income	$25,262
Total Cash Farm Exp.	$877,925
Income Taxes	$21,424
Family Living	$77,967
Money Borrowed	$510,347
Principal Payments	$454,285

The average net farm income for 2017 was $102,783 compared to $143,489 in 2016. In addition, non-farm income averaged $25,262.

Highlights from the 2017 North Dakota Region 2 Averages

Overview for Region 2

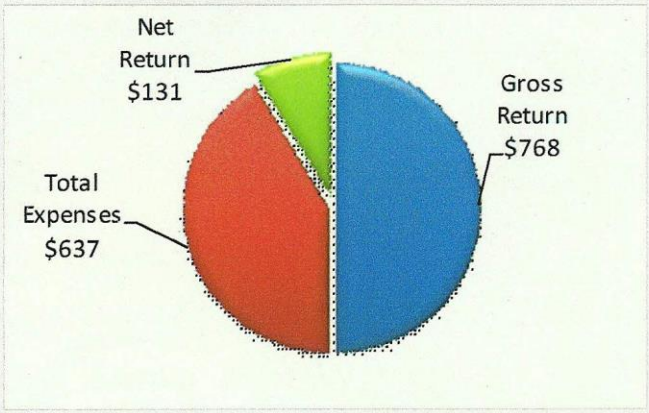
The north central region of North Dakota experienced a decrease in profitability in 2017. The regional report from 136 farms showed an average return of $113,652, which was a decrease of $20,111 from the previous year. In 2017, the average farm consisted of 1,986.1 crop acres and 300.4 acres of pasture; nearly identical to last year. The average farm operator was 44.8 years of age and has been farming for 20.8 years, each increasing 0.7 years from 2016. The average farm's operating expense ratio was 70.9% compared to 67.4% in 2016 and the net farm income ratio fell from 19.4% to 15.9%. The average farm showed an increase in their current ratio to 1.90 compared to 1.80 in 2016 along with a 13.6% increase in working capital to $290,636. The term debt coverage ratio decreased to 1.68 compared to 2.02 in 2016.

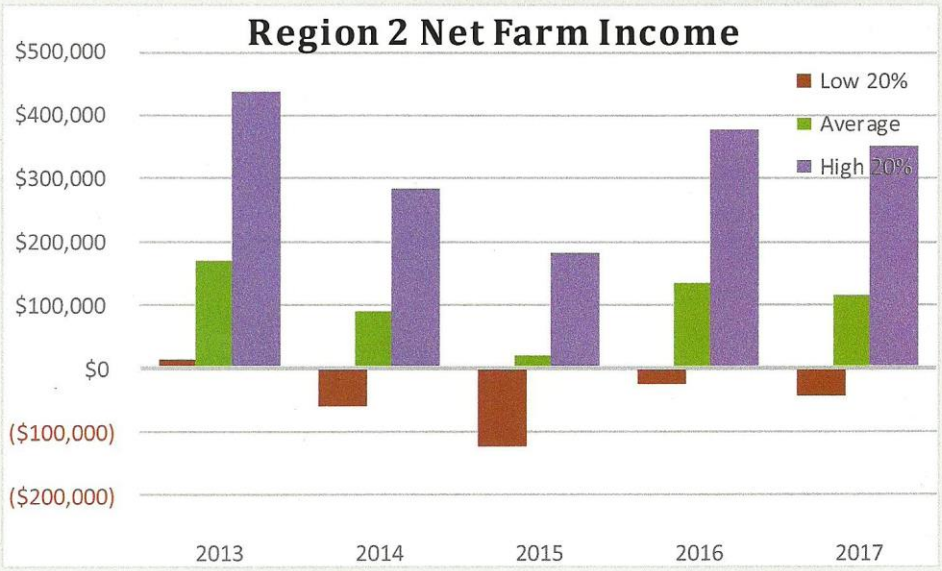
2017 Crop Yields and Returns on Cash Rented Land

	Pinto Beans	Soybeans	Barley	Canola	HRSW	Corn
Yield/acre	21.52	31.58	78.89	18.21	52.38	104.87
Total Expense/a	$359.69	$274.94	$266.78	$304.14	$267.97	$414.32
Net Return/a	$139.01	$25.76	$92.64	$21.42	$46.57	-$73.04
Cost/unit produced	$16.71	$8.71	$3.38	$16.70	$5.12	$3.95

Cow/Calf producers rebounded somewhat in 2017. The average saw a gross margin of $768 per cow with a return of $130.59 per cow. Compared to 2016, this was an increase of $84.80/cow in gross margin and an increase of $41.25/cow in net return. Cost per cow also showed an increase of $43.55. Higher returns could be attributed to increased prices as the average herd received $159.09/cwt in 2017, 19.8% higher than the $132.82/cwt received in 2016. Backgrounding enterprises in 2017 had 22.3% lower returns than in 2016 with the average net return of $50.39/cwt produced compared to 2016 average returns of $64.84/cwt produced.

Average Beef Cow





The average net farm income for 2017 was $113,652. In addition, non-farm income averaged $32,111.

Highlights from the 2017 North Dakota Region 3 Averages

Overview for Region 3

The south central region of North Dakota had a less profitable year than 2016. The average profit for the 134 farms in the area Farm and Ranch Business Management Program Summary was $116,714 and was 30% less than the average profit of $166,574 generated in 2016. The average farm consisted of 2,051 crop acres and 535 acres of pasture or rangeland. The average farm operator was 45.1 years of age and had been farming for 20.9 years.

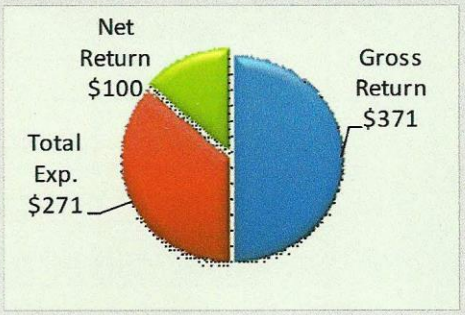
The farm profits were greatly affected by both lower crop yields and average to slightly higher prices for many producers. Leading the list of profitable cash crops were soybeans, pinto beans, hard red spring wheat and durum.

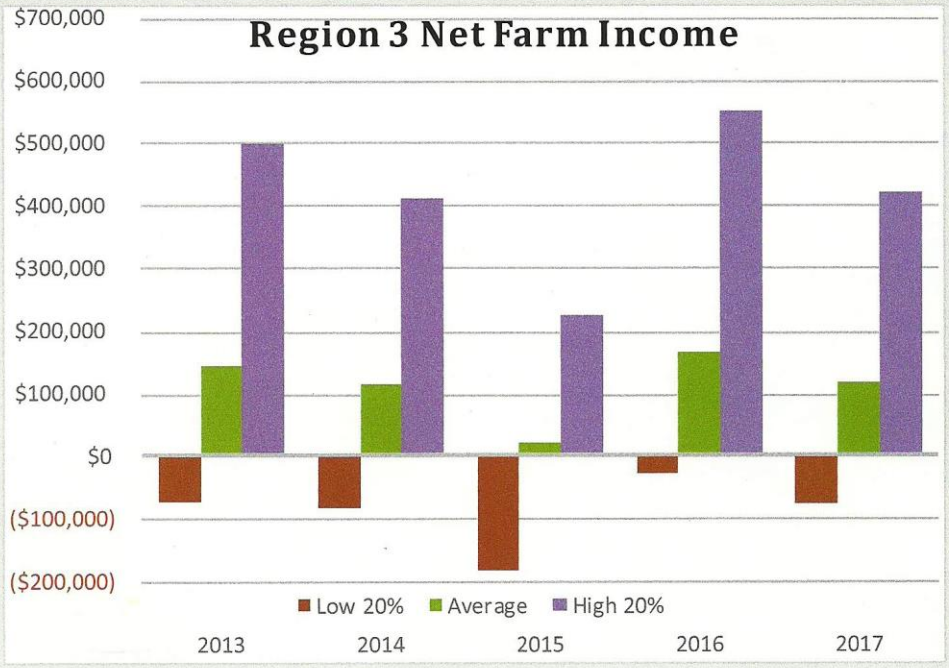
The net income per beef cow in the region was $193.57, an increase of $101.67 per cow from 2016's net return of $91.90 per cow.

2017 Average Crop Yields and Returns on Cash Rented Land

	Wheat	Barley	Corn	Soybeans	Pinto Beans
Yield/Acre	43.9	79.3	143.5	36.8	16.8
Total Cost/Acre	$261.29	$289.56	$450.99	$297.03	$332.45
Net Return/Acre Without Gov't Pmts.	$25.44	$97.72	-$16.69	$35.96	$86.63
Cost/Unit Produced	$5.96	$3.65	$3.14	$8.07	$19.79
Cost/Unit with Government Payment and Crop Insurance	$5.12	$3.13	$3.03	$7.61	$17.04

Durum Wheat on Cash Rent 49.7 Bu.





The average net farm income for 2017 was $116,714 compared to $166,574 in 2016.
In addition, Non-farm income averaged $42,112.

Highlights from the 2017 North Dakota Region 4 Averages

Overview for Region 4

The western region saw an improvement in commodity prices for both crops and livestock in 2017; however, the drought took it's toll. With the reduced yields came higher breakeven prices than in 2016. For ranchers, they re-ceived higher prices, $165.16/cwt in 2017 compared to $131.32 in 2016, higher feed costs drove expenses per cow higher. While the net return increased from years previous, a large portion of this return per head was driven by in-come from cull sales.

2017 Crop Yields and Returns on Cash Rented Land

	S Wheat	Corn Grain	Soybeans	Oil SF	Alf/grass hay
Yield/acre	20.93	94.62	29.44	12.96	.51
Gross Income/a	$196.93	$317.52	$268.39	$292.25	$55.7
Direct Expense/a	$167.47	$291.17	$209.00	$213.63	$21.58
Total Expense/a	206.69	$359.52	$259.00	$257.59	$58.25
Net Return/a	<$9.76>	<$42.00>	$9.39	$34.66	<$2.54>
Cost/unit produced	$9.87	$3.80	$8.80	$19.87	$114.03

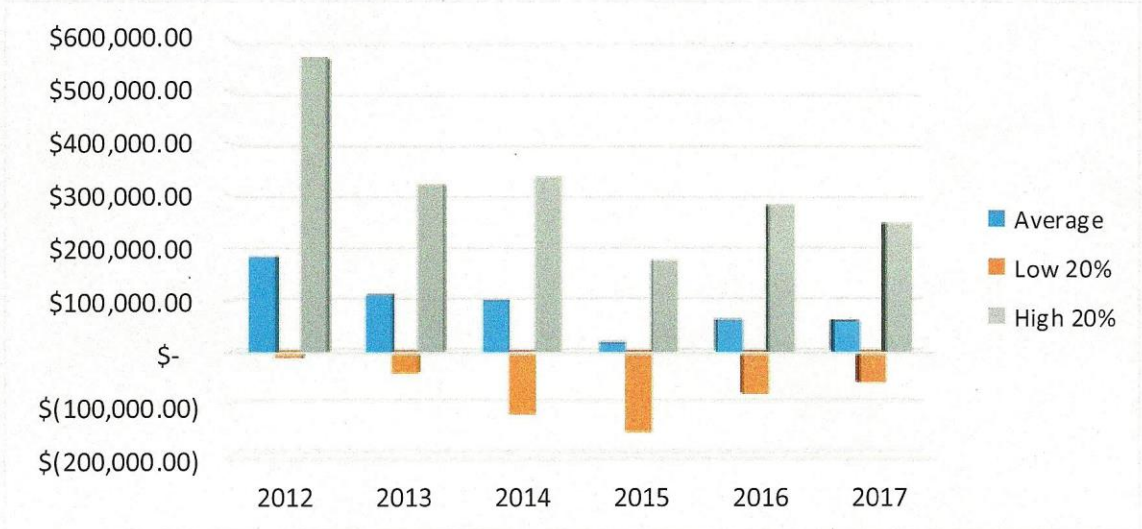
2017 Cow/Calf by Profitability Group

	Average
Gross Margin/cow	$860.76
Direct Expense/cow	$565.66
Overhead Expense/cow	$112.96
Total Expense/cow	$678.62
Net profit per cow	$182.14

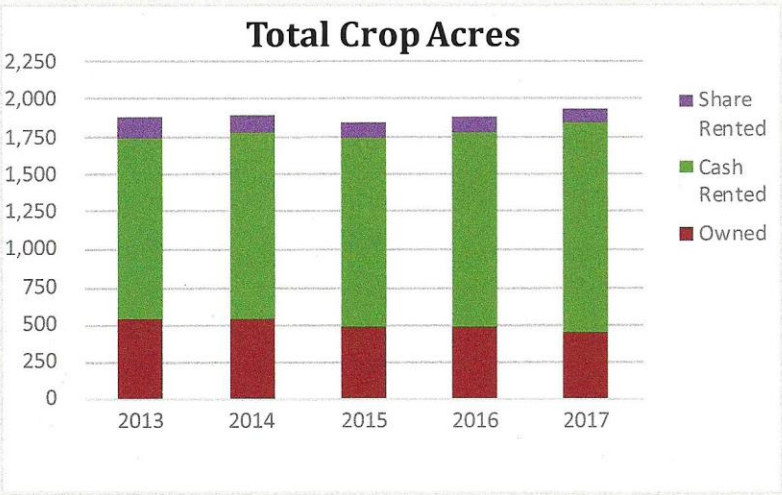
Net Farm Income

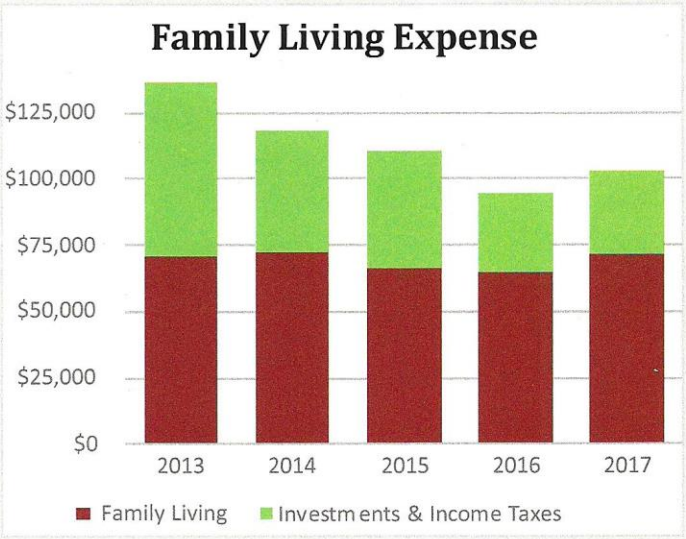
The average net farm income for Region 4 in 2017 was $60,043, while the low 20% profit group averaged -$58,778 and the high 20% profit group averaged $246,804.

Region 4 Net Farm Income

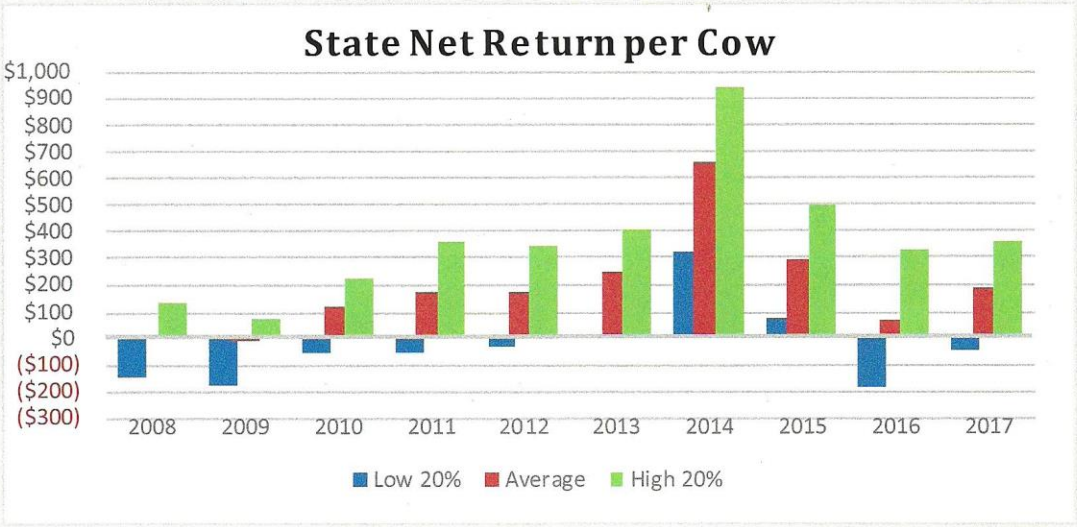


More Highlights from the 2017 North Dakota Farm and Ranch Business Management Averages





Beef Production in North Dakota for 2017



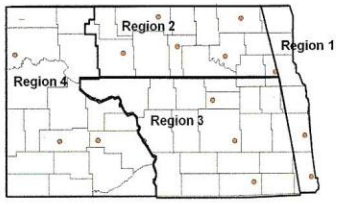
Cow-Calf Herds

	2017	2016	Difference
Average Weaning Weight	577#	571#	6#
Average Price of Calves sold directly off cow	$160.97	$131.72	$29.25
Feed cost per Cow	$381.03	$348.56	$32.47
Net return per cow	$184.58	$60.06	$124.52

Beef Backgrounding

	2017	2016	Difference
Average lbs gained/head	151#	183#	-32#
Net return/cwt produced	$19.98	$59.33	-$39.35
Average sale price	$140.33	$143.08	-$2.75
lbs of feed fed/lb of gain	12.79#	9.34#	3.45#
Average daily gain	1.68#	1.66#	0.02#

North Dakota Farm Business Management Programs are located in four regions across North Dakota



For More Information

If you would like a complete averages book or additional information please contact your local Farm and Ranch Business Management Education Program or the North Dakota Agricultural Education Supervisor at (701) 328-3179. You can also find more detailed information by checking out our website www.ndfarmmanagement.com or the Finbin website at www.finbin.umn.edu.

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