

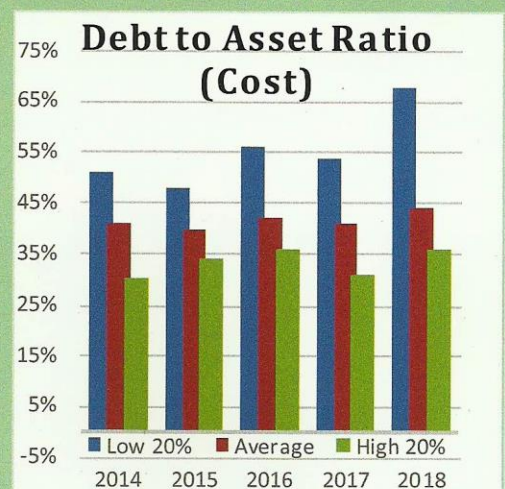
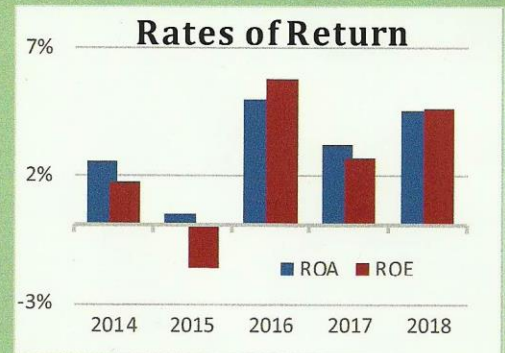
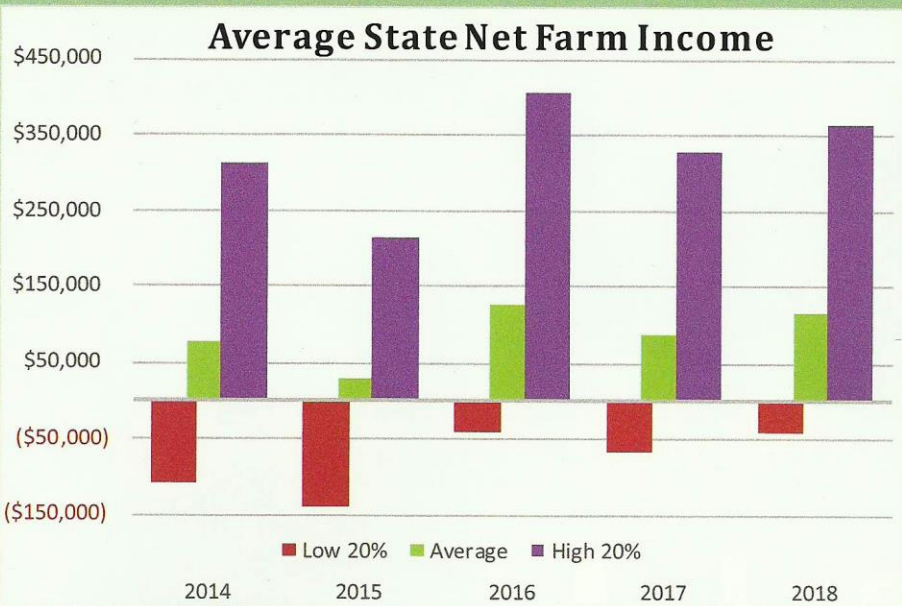
ND FARM MANAGEMENT EDUCATION

Highlights from the 2018 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 421 farms that were included in the 2018 North Dakota Farm and Ranch Business Management Report was \$116,227 compared to \$88,026 in 2017. Median net farm income, probably a better measure of the typical farm, was \$80,927, compared to \$52,051 in 2017 and \$84,675 in 2016. Yields were up across a majority of the state and many producers experienced a benefit from the Market Facilitation Program payments, receiving \$1.65/bushel on soybeans and \$0.14/bushel on wheat. Cattle prices remained stagnant from 2017; however, feed costs were slightly higher pushing the average net return to \$118.07 per cow in 2018 as compared to \$184.58 per cow in 2017.

Rate of return on assets was 4.5% and rate of return on equity averaged 4.6%, nearly the same level. This illustrates a fairly leveraged position and indicates borrowed money is returning a small portion back to the operation. Term debt coverage ratio improved from a 1.43 in 2017 to a 1.90 in 2018. This ratio represents the ability of the average farmer to make payments with money left over for family living costs. Working capital for the group averaged \$217,184 compared to \$233,815 in 2017. Net farm income ratio improved from 11.8% in 2017 to 14% in 2018, putting farms in a more efficient position in comparison to last year.



The average farm size was 2,361 acres, of which 389 were pasture. The average farmer was 46 years of age and has farmed for 21 years.

The average non-farm income for 2018 for the farms enrolled in the North Dakota Farm and Ranch Business Management Programs was \$39,279 compared to \$35,451 in 2017.

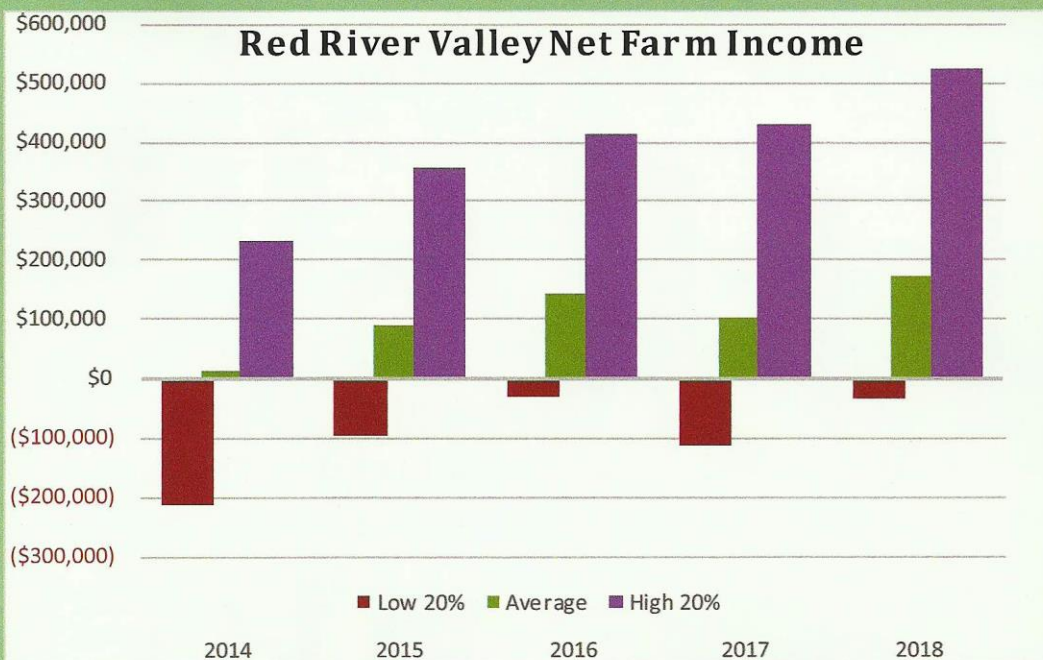
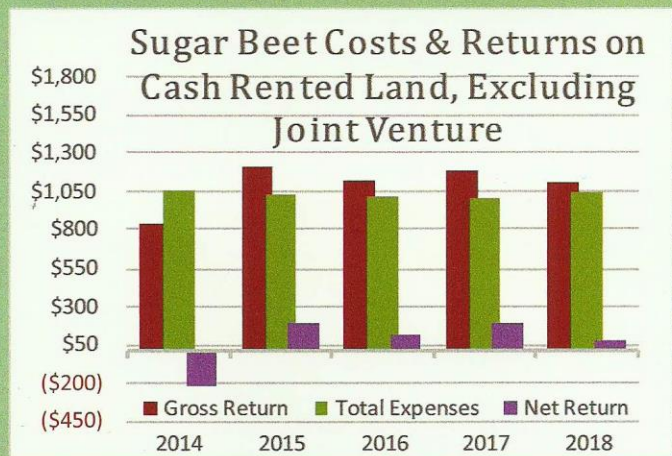
Highlights from the 2018 Red River Valley Averages

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 increased from \$102,783 in 2017 to \$173,275 in 2018. Factors that caused this year's net farm income to increase include higher than average soybean and corn yields in some areas, slightly higher corn prices than 2017, and an increase in government payments due to the Market Facilitation Program. The average farmer in the Red River Valley was 47 years of age with 23 years of farming experience. The average size farm was 1,778 acres and farmers spent an average of \$956,634 on input costs, a 9% increase from 2017. Machinery purchased was up \$21,397 from 2017, but the farms also sold an average of \$24,147 of machinery.

2018 Crop Yields and Returns on Cash Rented Land

	Soybeans	HRSW	Corn
Yield/acre	45	65	189
Total Expense/a	\$367.90	\$385.94	\$602.37
Net Return/a	\$98.70	\$1.29	\$44.15
Cost/unit produced	\$8.13	\$5.97	\$3.19



Summary of Cash Flows

Gross Farm Income	\$1,126,590
Non Farm Income	\$28,899
Total Cash Farm Exp.	\$956,634
Income Taxes	\$16,848
Family Living	\$72,837
Money Borrowed	\$564,997
Principal Payments	\$482,484

The average net farm income for 2018 was \$173,275 compared to \$102,783 in 2017. In addition, non-farm income averaged \$28,899.

Highlights from the 2018 North Dakota Region 2 Averages

Overview for Region 2

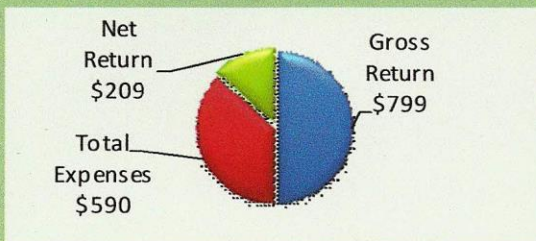
The north central region of North Dakota experienced a slight increase in profitability in 2018. The regional report from 127 farms showed an average return of \$121,518, which was an increase of \$7,866 from the previous year. In 2018, the average farm consisted of 2,216 crop acres, up from 1,986 in 2017, and 337 acres of pasture, nearly identical to the 300 acres reported in 2017. The average farm operator was 45.1 years of age and has been farming for 21 years, each increasing slightly from 2017. The average farm's operating expense ratio was 70.6% compared to 70.9% in 2017 and the net farm income ratio increased to 16.2% from 15.9%. The average farm showed a decrease in their current ratio to 1.71 compared to 1.90 in 2017 along with an 8.6% decrease in working capital to \$265,608. The term debt coverage ratio increased to 1.87 compared to 1.68 in 2017.

2018 Crop Yields and Returns on Cash Rented Land

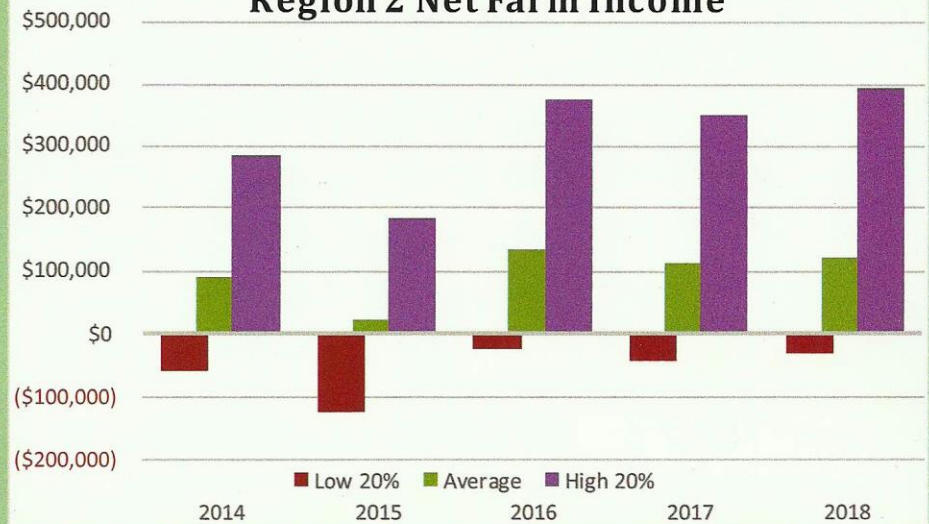
	Pinto Beans	Soybeans	Barley	Canola	HRSW	Corn
Yield/acre	17.50	28.44	80.36	19.89	58.34	118.45
Total Expense/a	\$400.41	\$281.55	\$290.91	\$311.78	\$276.27	\$446.69
Net Return/a	-\$7.90	\$38.50	\$48.81	\$9.28	\$48.37	-\$44.22
Cost/unit produced	\$22.88	\$9.90	\$3.62	\$15.68	\$4.74	\$3.77

Cow/Calf producers saw similar returns in 2018 as they experienced in 2017. The average gross margin was \$799 per cow with a net return of \$134.44 per cow. Compared to 2017, this was an increase of \$31.28/cow in gross margin and an increase of \$3.85/cow in net return. Cost per cow showed a decrease of \$47.27. Average prices received were \$160.51/cwt in 2018, \$1.42 higher than the \$159.09/cwt received in 2017. Backgrounding enterprises in 2018 had a similar year to 2017 with a net return of \$51.29/cwt for 2018 compared to \$50.39/cwt in 2017. Total direct and overhead costs for 2018 backgrounding enterprises were \$67.69/cwt compared to \$67.38/cwt for 2017.

Average Beef Cow



Region 2 Net Farm Income



The average net farm income for 2018 was \$121,518. In addition, non-farm income averaged \$35,930.

Highlights from the 2018 North Dakota Region 3 Averages

Overview for Region 3

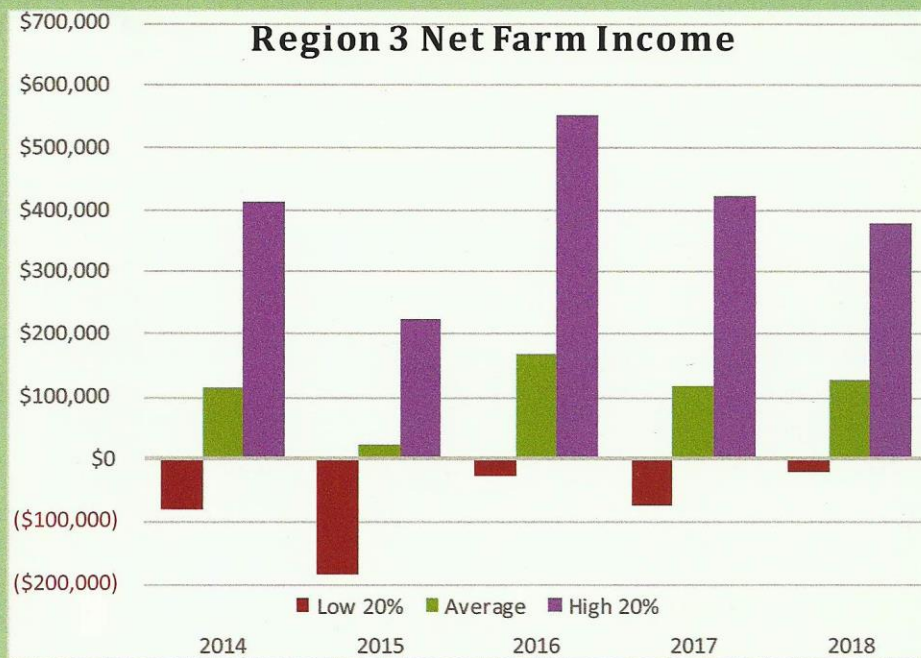
The south central region of North Dakota had a slightly more profitable year than 2017. The average profit for the 108 farms in the area Farm and Ranch Business Management Program Summary was \$127,089 and was 9% better than the average State profit of \$116,714 generated in 2017. The average farm consisted of 2,030 crop acres and 476 acres of pasture or rangeland. The average farm operator was 45 years of age and had been farming for 20 years.

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

The net income per beef cow in the region was \$118.78. This profit number also included the feed and other expenses for backgrounding the 2018 calf. That profit number was \$180.32 per cow in 2017. This year showed a drop of 34% from 2017.

2018 Average Crop Yields and Returns on Cash Rented Land

	Wheat	Barley	Corn	Soybeans	Pinto Beans
Yield/Acre	56.38	76.26	137.51	35.74	11.84
Total Cost/Acre	\$297.07	\$295.64	\$464.08	\$304.82	\$340.65
Net Return/Acre With MFP but no other Gov't Pmts.	\$22.12	\$13.35	-\$1.68	\$70.58	-\$6.32
Cost/Unit Produced	\$5.27	\$3.88	\$3.37	\$8.53	\$28.77
Cost/Unit with Government Payment and Crop Insurance	\$5.62	\$3.58	\$3.15	\$5.81	\$21.95



The average net farm income for 2018 was \$127,089 compared to \$116,714 in 2017. In addition, non-farm income averaged \$41,682.

Highlights from the 2018 North Dakota Region 4 Averages

Overview for Region 4

2018 was a mixed bag for western North Dakota ag producers. Average net farm income was lower than 2017, driven by lower revenue and higher expenses. Crop enterprise analysis reflects this, with higher yields, steady to lower prices, and increased costs. Cow calf operations saw a decrease in returns per head but managed to stay in the black. Costs per cow are steady with 2017, as hay prices remain high. This has been offset by calf prices remaining at profitable levels for ranchers.

2018 Crop Yields and Returns on Cash Rented Land

	S Wheat	Corn Grain	Soybeans	Oil SF	Alf/Grass Hay
Yield/acre	46.91	72.24	29.81	20.23	.90
Gross Income/a	\$262.19	\$329.18	\$310.27	\$357.10	\$65.38
Direct Expense/a	\$199.81	\$321.66	\$216.90	\$234.30	\$23.64
Total Expense/a	\$242.27	\$402.72	\$273.98	\$284.32	\$61.88
Net Return/a	\$19.92	-\$73.54	\$36.29	\$72.78	\$3.50
Cost/unit produced	\$5.16	\$5.57	\$9.19	\$14.06	\$69.03

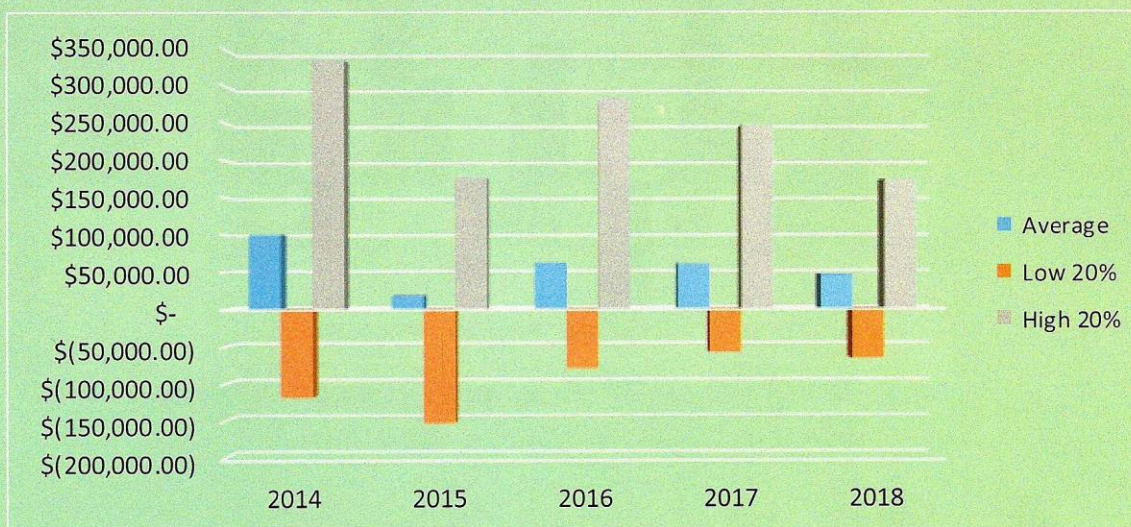
2018 Cow/Calf by Profitability Group

	Average
Gross Margin/cow	\$754.90
Direct Expense/cow	\$554.46
Overhead Expense/cow	\$124.34
Total Expense/cow	\$678.80
Net profit per cow	\$76.10

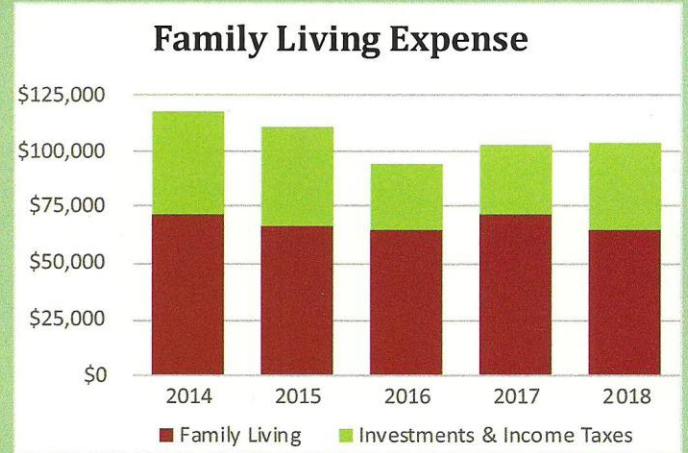
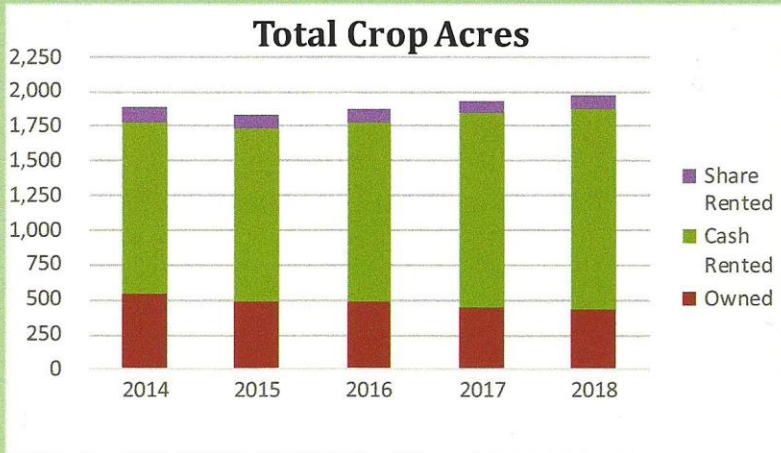
Net Farm Income

The average net farm income for Region 4 in 2018 was \$45,544, while the low 20% profit group averaged -\$66,606 and the high 20% profit group averaged \$173,784.

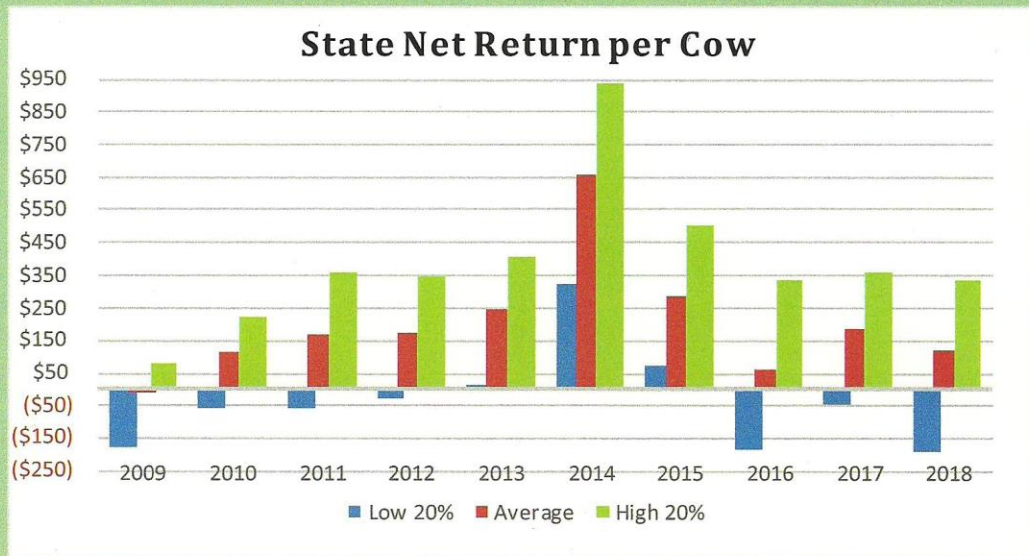
Region 4 Net Farm Income



More Highlights from the 2018 North Dakota Farm and Ranch Business Management Averages



Beef Production in North Dakota for 2018



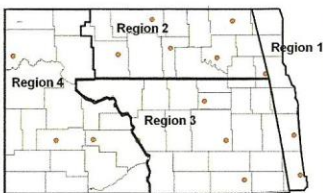
Cow-Calf Herds

	2018	2017	Difference
Average Weaning Weight	563#	577#	-14#
Average Price of Calves sold directly off cow	\$162.16	\$160.97	\$1.19
Feed cost per Cow	\$387.12	\$381.03	\$6.09
Net return per cow	\$118.07	\$184.58	-\$66.51

Beef Backgrounding

	2018	2017	Difference
Average lbs gained/head	78.4#	151#	-72.6#
Net return/cwt produced	\$13.14	\$19.98	-\$6.84
Average sale price	\$152.06	\$140.33	\$11.73
lbs of feed fed/lb of gain	16.62#	12.79#	3.83#
Average daily gain	1.20#	1.68#	-0.48#

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.

