Highlights from the 2008 North Dakota Region 4 Averages

Overview for Region 4

A large area of western North Dakota suffered from drought in 2008. The dry areas were significant enough to reduce the spring wheat yield per acre from 28 bushels in 2007 to 18 in 2008. The reduction in crop production was partially offset with good returns on crop insurance premiums. Cost of both fuel and fertilizer inputs were significantly higher in 2008 compared to 2007.

Beef cattle producers were also affected with reduced grazing capabilities and higher priced feed plus the cost of transporting the feed. These factors combined with calf prices declining throughout the year led to small profits for the average beef cow herd. Profit per beef cow in 2007 was \$76 while the 2008 profit was only \$24. Those ranchers who priced calves earlier in the year saw the benefits of doing that.

The average gain in equity on the cost basis balance sheet during 2008 was \$28,000, however, the 20% low profit farms/ranches suffered a \$81,000 drop while the high 20% gained \$183,000. Both net farm income and non farm income affects gain in equity.

\$400,000

\$200,000

The average operator in region four was 44 years old and had been farming for 19 years. The Average operation consisted of 1606 crop acres and 2231 pasture acres.

2008 Crop Yields and Returns on Cash Rented Land

Hard Red Spring Wheat

The average yield for hard red spring wheat was 17.72 bushels per acre compared to 27.62 bushels in 2007.

Net Return per Acre:

Average	\$18.96
Low 20%	-\$45.32
High 20%	\$80.64

The average price for hard red spring wheat was \$7.04 per bu.

Oats

Oats showed the least change in yield going from 50.68 bushels per acre in 2007 to 47.84 bushels per acre in 2008.

The net return per acre went from \$16.89 in 2007 to -\$11.21 in 2008.

The average price for oats in 2008 was \$2.60 per bushel.

Barley

The average yield for barley in 2008 was 30.16 bushels per acre compared to 49.55 bushels in 2007.

The net return per acre was \$18.69 with total direct costs per acre of \$144.09 and overhead costs of \$20.84 per acre.

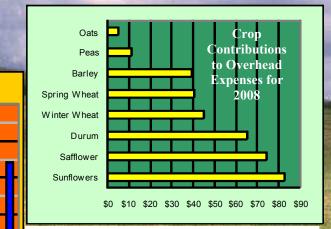
The average price for barley in 2008 was \$4.75 per bushel.

Corn

The average yield for corn in 2008 was 28.72 bushels per acre compared to 52.5 bushels in 2007.

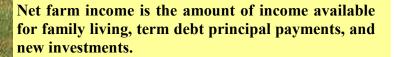
Net Return in 2008 was -\$68.51 per acre compared to \$43.30 in 2007.

The average price for corn in 2008 was \$3.95 per bushel.



Costs & Returns per Beef Cow





2000 2001 2002 2003 2004 2005 2006 2007 2008

Region 4 Net Farm Income

Beef Production in North Dakota for 2008

Cow-Calf Herds

The average weaning weight for 2008 was 551 pounds which was just slightly lower than the 557 pounds recorded in 2007.

Net Return per Cow:

Average	\$12.11
Low 20%	-\$153.78
High 20%	\$130.25

The average price received for calves sold directly off the cows was \$100.21 in 2008 compared to \$111.61 in 2007.

Feed Cost went from \$277.93 in 2007 to \$287.94 in 2008.

Beef Backgrounding

More Highlights from the 2008 North Dakota

Farm and Ranch Business Management Averages

The average beef backgrounding program added 150.4 pounds per head in 2008 compared to 153.8 pounds in 2007.

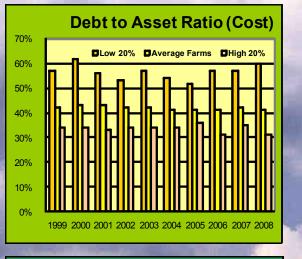
Net Return per cwt produced:

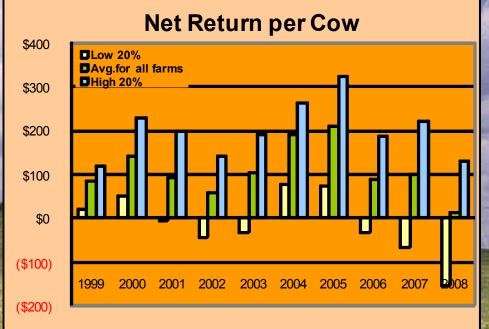
Average	-\$0.79
Low 20%	-\$62.97
High 20%	\$47.52

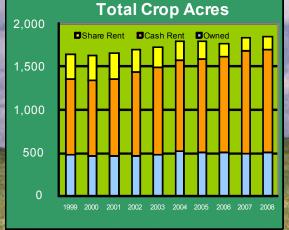
The average sales price in 2008 was \$97.04 compared to \$98.50 in the previous year.

The average farm fed 13.01 lbs of feed per lb of gain, with 4.55 lbs of that being concentrates. This resulted in an average daily gain of 1.36 lbs.

Rates of Return 25% 20% 15% 10% 5% 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008







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) 328-3162. You can also find more detailed information by checking out our wed site a www.ndfarmmanagement.com or the Finbin web site at www.finbin.umn.edu.

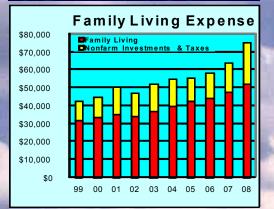
Our Mission

To provide lifelong learning opportunities in economic and financial management for adults involved in the farming and ranching business.

North Dakota Farm & Ranch Business Management Education Programs

Highlights from the 2008 North Dakota Averages





Nonfarm Income

The average nonfarm income for 2008 for the farms enrolled in the North Dakota Farm and Ranch Business Management Programs was \$27,602 compared to \$23,861 in 2007



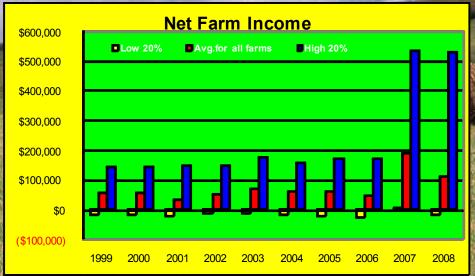
Overview of North Dakota Averages

The 532 farms who were included in the 2008 North Dakota Farm and Ranch Business Management Report showed cash expenses and revenue both increasing by over one-fourth relative to 2007, but the years were similar in that overall financial performance was very strong. In 2008, the average and median net farm income was \$180,748 and \$114,520, respectively, compared to \$190,200 and \$130,247 in 2007.

Net farm income varied greatly according to farm type. It averaged \$257,915 for crop farms and \$13,357 for beef farms. Although costs of production for wheat on cash rented ground increased 33 percent, the net return of \$89 per acre was similar to 2007. Net return for barley, corn and soybeans were \$159, \$92 and \$72 per acre, respectively. Higher costs and lower calf prices dropped net income per beef cow to \$12, the lowest in a decade.

Averaged over all farms, the 18.7 percent rate of return on equity was greater than the rate of return on assets of 13.3 percent. This indicates debt capital was profitably employed in 2008. Current assets were nearly twice as great as current liabilities and there was 3.3 times the capacity necessary to make scheduled term principal and interest payments.

The average farm was nearly 2,600 acres in size, of which about 700 acres were pasture and the average age of the farmers included in the report was 45.1 years.



Net farm income is the amount of income available for family living, term debt principal payments, and new investments.

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Highlights from the 2008 Red River Valley Averages

Overview

This report includes information from 239 farmers enrolled in the Farm Business Management Programs in the Red River Valley. These programs are located in North Dakota and Minnesota.

In 2008 the average farmer was 44 years of age, has farmed for 21.4 years, and farms about 1832 acres. This average farmer spent \$178,942 in the local community.

In 2008 net farm income for the 239 farms averaged \$277,690 which was an increase of \$38,105 from 2007.

Where did this year's Net Farm Income come from?

- Higher farm prices
- Gain's in inventory value.
- Crop insurance (RA & CRC)
- Good crops

2008 Crop Yields and Returns on Cash Rented Land

HRS Wheat

The average yield for 2008 was 63 bushels per acre compared to 48 bushels for the previous year.

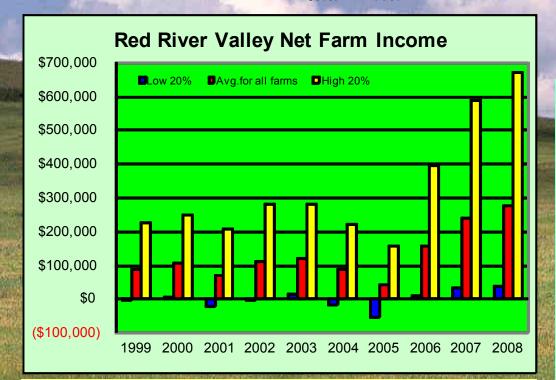
Net Return per acre:

Average	\$104.20
Low 20%	-\$3.15
High 20%	\$202.96

The average price for HRSW was \$6.74 per bushel.

<u>Corn</u>		
	Bu/acre	Net Return
2002	142 bu	\$60.46
2003	127 bu	\$21.84
2004	105 bu	-\$11.63
2005	145 bu	\$37.54
2006	138 bu	\$51.51
2007	131 bu	\$140.54
2008	153 bu	\$165.87

The average price for corn was \$3.89 in 2008.



Net farm income is the amount of income available for family living, term debt principal payments, and new investments.

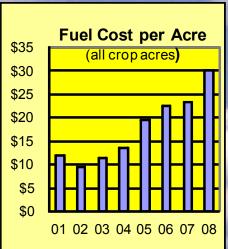
Soybeans

The average yield for soybeans in 2008 was 32.30 bushels per acre compared to 36.31 bushels in the previous year.

Net Return per acre:

Average	\$132.24
Low 20%	\$53.90
High 20%	\$206.09

The average price for soybeans in 2008 was \$9.55 per bushel.



Summary of Cash Income and Expenses for 2008

Gross Farm Income	\$897,727
Non Farm Income	\$17,926
Total Cash Farm Exp.	\$718,942
ncome Taxes	\$15,859
Family Living	\$65,323
nvesting	\$197,051
Money Borrowed	\$502,773
Principal Payments	\$405,920

Highlights from the 2008 North Dakota Region 2 Averages

Overview for Region 2

This report includes information from 170 farms enrolled in the North Central part of the state. In 2008 the average farmer was 44.2 years old and had farmed for 21 years. The average farm consisted of 2070 acres of crop land and 417 acres of pasture.

In 2008 net farm income was \$193,604 which was very similar to 2007.

Crop production increased within the region. Average prices received were higher although commodity prices moved lower by year's end. Increased inventories due to more production also contributed to maintaining the net farm income. As with the rest of the state, increased prices for energy and input cost associated with energy continued to push direct crop expenses higher.

Cow-calf returns were lower in 2008 posting a loss of -\$26 per cow caused mostly by dropping calf prices and feed cost increases.

Beef backgrounding also showed a loss in 2008 of -\$0.82 per head. Contributing factors were the same as for the cow-calf enterprise—lower calf prices and higher feed costs.



2008 Crop Yields and Returns on Cash Rented Land

Hard Red Spring Wheat

The average yield for hard red spring wheat was 43.30 bushels per acre compared to 36.69 bushels in 2007.

Net Return per Acre:

Average	\$90.43
Low 20%	-\$1.73
High 20%	\$176.81

The average price for hard red spring wheat was \$6.97 per bu.

Canola

The average yield for canola was 17.19 cwt per acre compared to 11.86 cwt in 2007.

Net Return per Acre:

Average	\$97.26
Low 20%	\$0.87
High 20%	\$202.06

The average price for canola in 2008 was \$18.40 per cwt.

Barley

The average yield for barley in 2008 was 62.39 bushels per acre compared to 58.01 bushels in 2007.

Net Return per Acre:

Average	\$143.20
Low 20%	\$19.41
High 20%	\$274.40

The average price for barley in 2008 was \$5.38 per bushel.

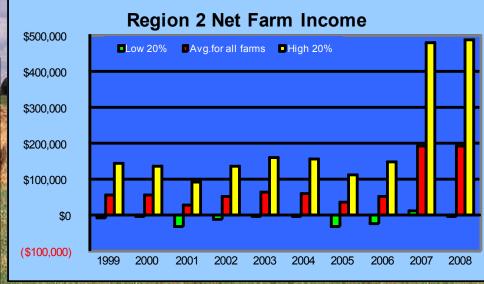
Sunflowers

The average yield for oil sunflowers was 13.00 cwt per acre compared to 15.75 cwt in 2006.

Net Return per Acre:

Average	\$75.78
Low 20%	-\$59.93
High 20%	\$247.76

The average price for oil sunflowers in 2008 was \$18.44 per cwt.



Net farm income is the amount of income available for family living, term debt principal payments, and new investments.

Highlights from the 2007 North Dakota Region 3 Averages

Overview for Region 3

The south central region of North Dakota enjoyed a profitable year. The average profit of the 134 farms enrolled in the area Farm and Ranch **Business Management Programs was** \$220,630 and was just slightly less than the average profit of \$230,354 generated in 2007. The average farm consisted of 1955 crop acres and 540 acres of pasture or rangeland. The average farm operator was 45.7 years of age and had been farming for 22 years.

The farm profits were the result of a combination of carry over inventories, very good crop marketing prices in the early part of the year and excellent small grain yields for many producers. Leading the list of profitable crops were barley, confectionary sunflowers and hard red spring wheat.

The regional cow-calf industry saw a significant decrease in the average net income per cow with a drop of over \$70 from 2007 to an average profit of just \$37.75 per cow in 2008. The average net income per backgrounded calf also decresed from \$24.74 in 2007 to only \$0.44 per head in 2008.

The combination of increased feed costs and lower prices per cwt both contributed to the decrease in net profit per calf.

2008 Crop Yields and Returns on Cash Rented Land

Hard Red Spring Wheat

The average yield for hard red spring wheat was 47.66 bushels per acre compared to 44.87 bushels in 2007.

Net Return per Acre:

Average	\$141.56
Low 20%	\$3.95
High 20%	\$263.23

The average price for hard red spring wheat was \$7.48 per bu.

Corn

The average vield for corn grain was 107.64 bushels per acre compared to 120.49 bushels in 2007.

Net Return per Acre:

Average	\$39.53
Low 20%	-\$54.99
High 20%	\$139.28

The average price for corn was \$3.46 per bushel.

Sovbeans

The average yield for soybeans in 2008 was 27.64 bushels per acre compared to 37.85 bushels in 2007.

Net Return per Acre:

Average	\$77.92
Low 20%	\$13.77
High 20%	\$135.50

The average price for soybeans in 2008 was \$9.53 per bushel.

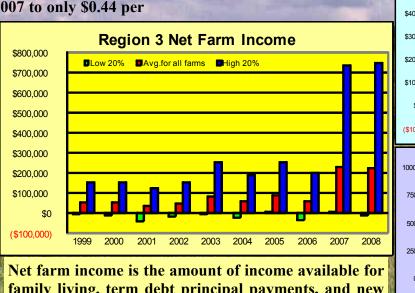
Sunflowers

The average yield for oil sunflowers was 16.18 cwt per acre compared to 15.07 cwt in 2007.

Net Return per Acre:

Average	\$121.64
Low 20%	\$89.14
High 20%	\$238.76

The average price for oil sunflowers in 2008 was \$20.25 per



family living, term debt principal payments, and new investments.

	Corn Costs & Returns-Cash Rented
\$500	□Gross Return □Total Expenses □Net Return
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	I
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(\$100)	1999 2000 2001 2002 2003 2004 2005 2006 2007 2008
1000%	Term Debt Coverage Ratio
1000%	Term Debt Coverage Ratio
1000% 750%	Low 20% Avg.for all farms
	Low 20%
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