

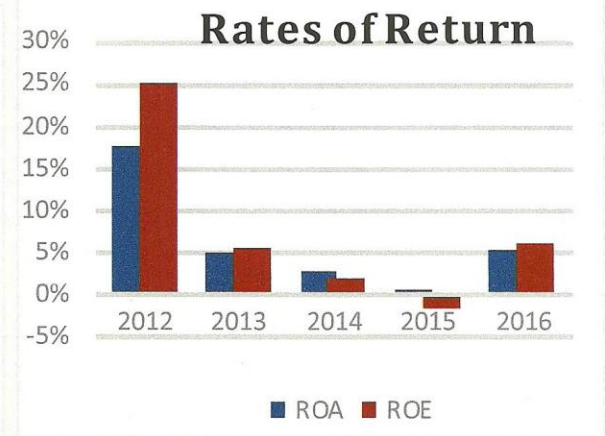
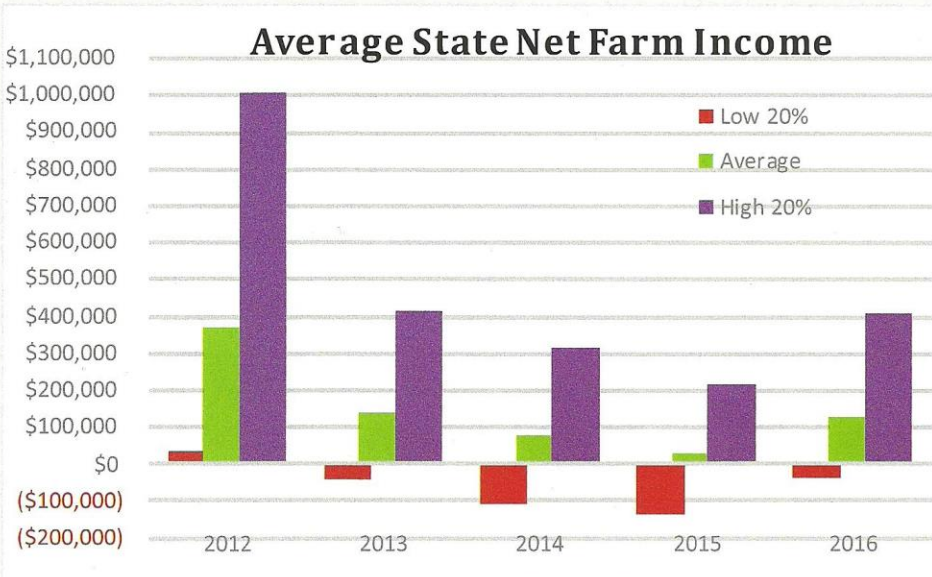
# ND FARM MANAGEMENT EDUCATION

## Highlights from the 2016 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.”*

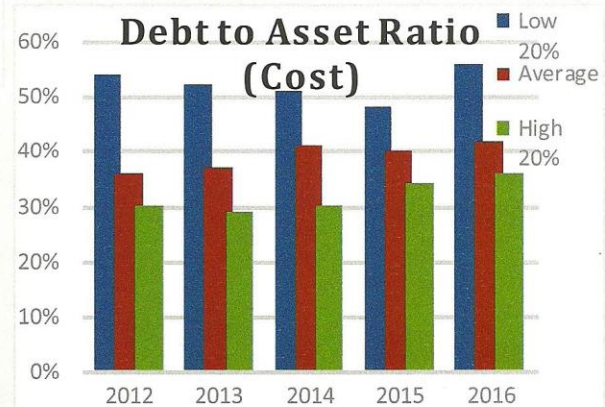
Average net farm income for the 531 farms that were included in the 2016 North Dakota Farm and Ranch Business Management Report was \$126,752 compared to \$28,600 in 2015. Median net farm income, probably a better measure of the typical farm, was \$84,675, compared to \$19,374 in 2015 and \$53,788 in 2014. Yields were typically much higher across the state even though production costs remained close to the same. Cattle prices continued to fall in 2015, and pushed the average net return down to \$60.06 per cow.

Rate of return on assets was 5.0% and rate of return on equity averaged 5.8%, breaking a two year trend where the rate of return on equity was lower than the rate of return on assets., which means that borrowed money is returning more to the operations and debt is at a more acceptable level. Term debt coverage ratio improved from a 0.60 to a 1.68 in 2016. This means that the average farmer was able to make their payments with some left over for family living costs. Working capital for the group averaged \$221,250 compared to \$155,529 in 2015. Working capital as compared to gross farm revenues increased from 27% in 2015 to 33% in 2016, putting most operations in a much better position over the previous year.



The average farm size was 2,182 acres, of which 449 were pasture. The average farmer was 45.5 years of age and has farmed for 21.3 years.

The average nonfarm income for 2016 for the farms enrolled in the North Dakota Farm and Ranch Business Management Programs was \$36,008 compared to \$29,076 in 2015.





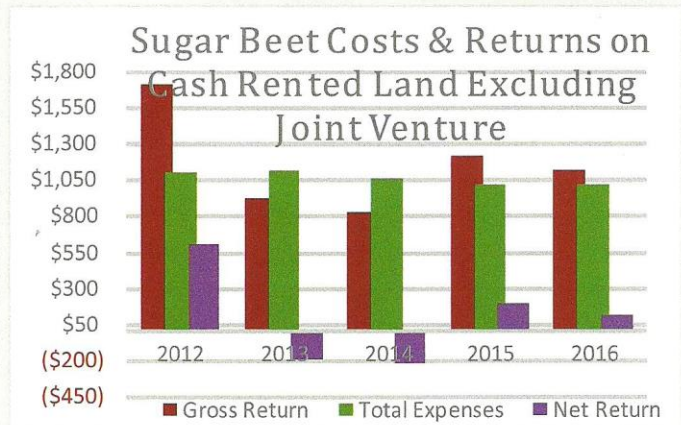
# Highlights from the 2016 Red River Valley Averages

## Overview for Red River Valley

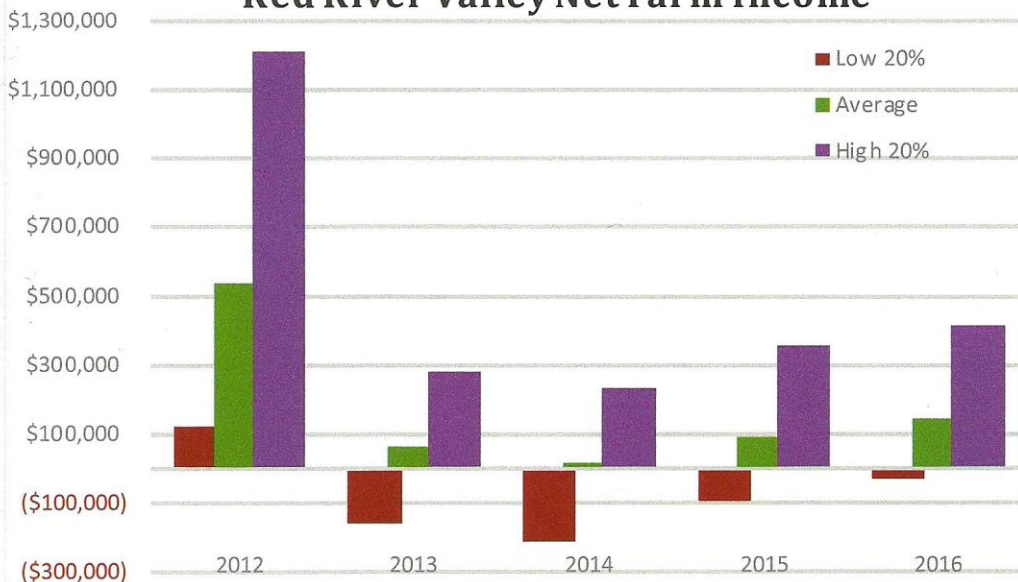
The Red River Valley includes information from 240 farms located in the Red River Valley. Net Farm Income increased from \$89,484 in 2015 to \$143,489. Factors that caused this year's Net Farm Income to increase was better than average yields, slightly lower input costs, increase in government payments due to the 2015 ARC payments paid in 2016, and CSP payments. Average price of the commodities was also up compared to 2016. Wheat went from \$4.98 to \$5.00, Soybeans from \$8.47 to \$9.23, and Corn went from \$3.14 to \$3.44. Machinery purchased for the year was up \$7,831 but the farms also sold an average of \$16,498 of machinery.

### 2016 Crop Yields and Returns on Cash Rented Land

	Soybeans	HRSW	Corn
Yield/acre	46.89	68.44	189.71
Total Expense/a	\$355.91	\$372.03	\$582.69
Net Return/a	\$89.07	-\$15.18	\$27.58
Cost/unit produced	\$7.59	\$5.44	\$3.07



### Red River Valley Net Farm Income



### Summary of Cash Flows

Gross Farm Income	\$932,961
Non Farm Income	\$25,385
Total Cash Farm Exp.	\$759,723
Income Taxes	\$19,850
Family Living	\$78,268
Money Borrowed	\$526,868
Principal Payments	\$540,065

The average net farm income for 2016 was \$143,489 compared to \$89,489 in 2015. In addition, Non-farm income averaged \$25,385



# Highlights from the 2016 North Dakota Region 2 Averages

## Overview for Region 2

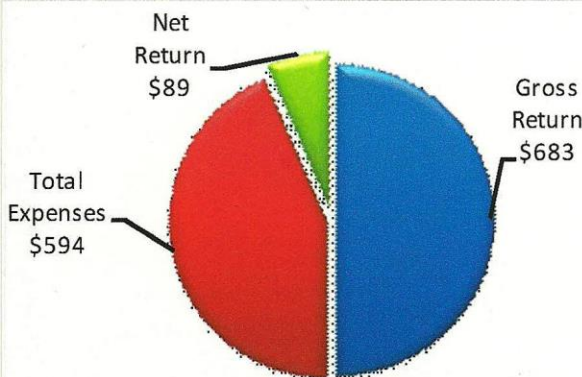
The north central region of North Dakota had an increase in profitability in 2016. The regional report from 165 farms showed an average return of \$133763, which was an increase of \$113402 over the previous year. In 2016, the average farm consisted of 1973.2 acres of crop and 309.5 acres of pasture; this is an increase over last year. The average farm operator was 44.1 years of age and has been farming for 20.1 years. The average farm had an operating expense ratio of 67.4% compared to 80.4% ratio as seen in 2015. The average farm showed an increase in their current ratio of 1.80 compared to 1.50 in 2015 along with an increase in working capital of 34% over 2015. The term debt coverage ratio was 2.02 compared to 0.55 as seen in 2015.

## 2016 Crop Yields and Returns on Cash Rented Land

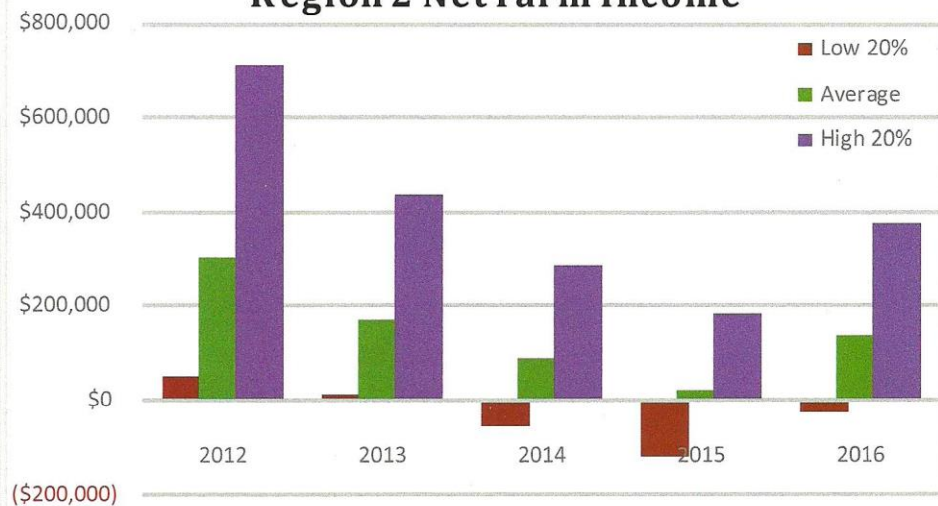
	Pinto Beans	Soybeans	Barley	Oil SF	Field Peas	Flax
Yield/acre	19.82	39.25	73.12	16.41	27.7	24.22
Total Expense/a	\$364.77	\$264.46	\$265.31	\$287.75	\$263.85	\$200.41
Net Return/a	\$175.85	\$101.59	\$56.05	\$30.85	\$61.77	\$14.90
Cost/unit produced	\$18.40	\$6.74	\$3.63	\$17.54	\$5.48	\$8.27

Cow/Calf producers had a tough year in 2016. The average saw a gross margin of \$683 per cow with a return of \$89.34 per cow. Compared to 2015 this was a decrease of \$235.83 per cow in gross margin and a decrease of \$221.72 per cow in net return. Cost per cow did show a slight decrease of \$14.09, the lower returns could be attributed to significant lower prices as the average herd received \$132.82/cwt for 2016 calves sold compared to \$206.42/cwt received in 2015. Backgrounding enterprises in 2016 did show better returns in 2016 with the average net return at \$64.84/cwt produced compared to 2015 with average returns at -\$0.63/cwt produced.

### Average Beef Cow



### Region 2 Net Farm Income



The average net farm income for 2016 was \$133,763. In addition, Non-farm income averaged \$35,806.



# Highlights from the 2016 North Dakota Region 3 Averages

## Overview for Region 3

The south central region of North Dakota had a more profitable year than 2015. The average profit for the 149 farms in the area Farm and Ranch Business Management Program Summary was \$166,574 and was seven times greater than the average profit of \$20,193 generated in 2015. The average farm consisted of 2,013 crop acres and 540 acres of pasture or rangeland. The average farm operator was 45.6 years of age and had been farming for 21.6 years.

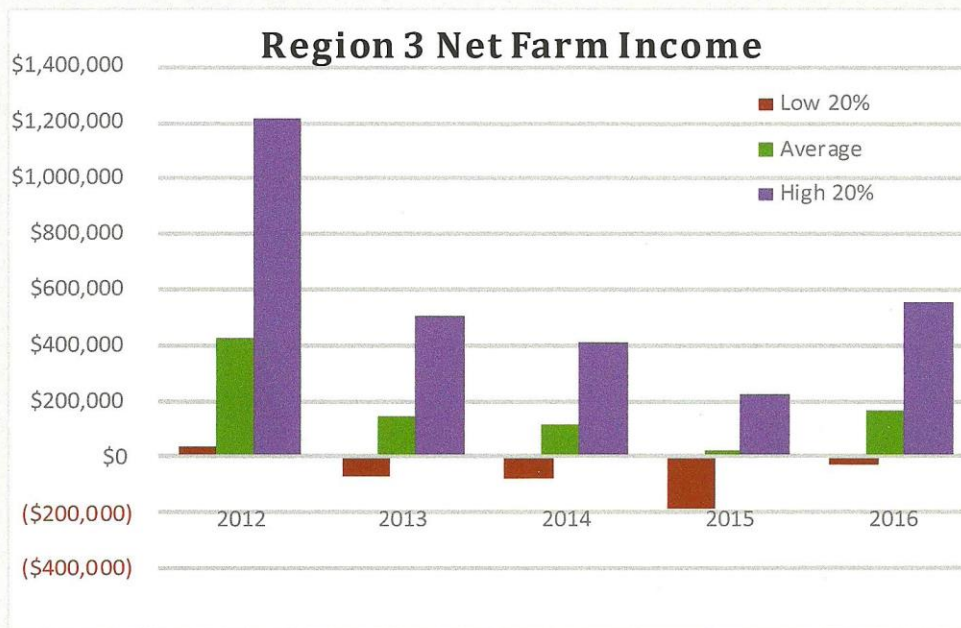
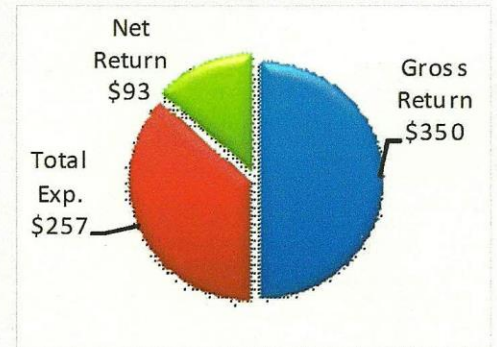
The farm profits were greatly affected by much higher crop yields with average or below average prices for many producers. Leading the list of profitable cash crops were soybeans, pinto beans, and sunflowers.

The net income per beef cow in the region was \$91.90, a decrease of \$201.53 per cow from 2015's net return of \$293.43 per cow.

## 2016 Average Crop Yields and Returns on Cash Rented Land

	Wheat	Barley	Corn	Soybeans	Pinto Beans
Yield/Acre	58.4	79.3	158.2	42.7	15.07
Total Cost/Acre	\$275.69	\$291.80	\$451.29	\$285.60	\$331.84
Net Return/Acre	\$14.58	\$93.23	\$32.00	\$114.03	\$112.18
Cost/Unit Produced	\$4.72	\$3.68	\$2.85	\$6.69	\$22.03
Cost/Unit with Government Payment and Crop Insurance	\$4.21	\$3.15	\$2.63	\$5.84	\$18.40

## Sunflowers on Cash Rent 1,901 lbs.



The average net farm income for 2016 was \$166,574 compared to \$20,193 in 2015. In addition, Non-farm income averaged \$43,035.



# Highlights from the 2016 North Dakota Region 4 Averages

## Overview for Region 4

While it was a better year for most farmers and ranchers in western North Dakota in 2016 than it was in 2015, it was not a great year either. Grain prices continue to be weak but good yields of late season crops carried many farmers to profitability! Small grain yields and many hay crops struggled with marginal yields in 2016 making profit more difficult. Beef cattle prices dropped to disappointing levels in 2016 leading to poor profits in the cattle region of North Dakota.

### 2016 Crop Yields and Returns on Cash Rented Land

	S Wheat	Corn Grain	Soybeans	Oil SF	Alf/grass hay
Yield/acre	43	114.98	41.88	20.32	1.1
Gross Income/a	\$207.35	\$372.02	\$365.24	\$350.82	\$62.87
Direct Expense/a	\$176.62	\$255.46	\$205.05	\$213.03	\$42.88
Total Expense/a	\$219.18	\$325.06	\$254.71	\$254.95	\$69.65
Net Return/a	<\$11.83>	\$46.97	\$110.52	\$95.88	<\$6.78>
Cost/unit produced	\$5.09	\$2.83	\$6.08	\$12.55	\$63.45

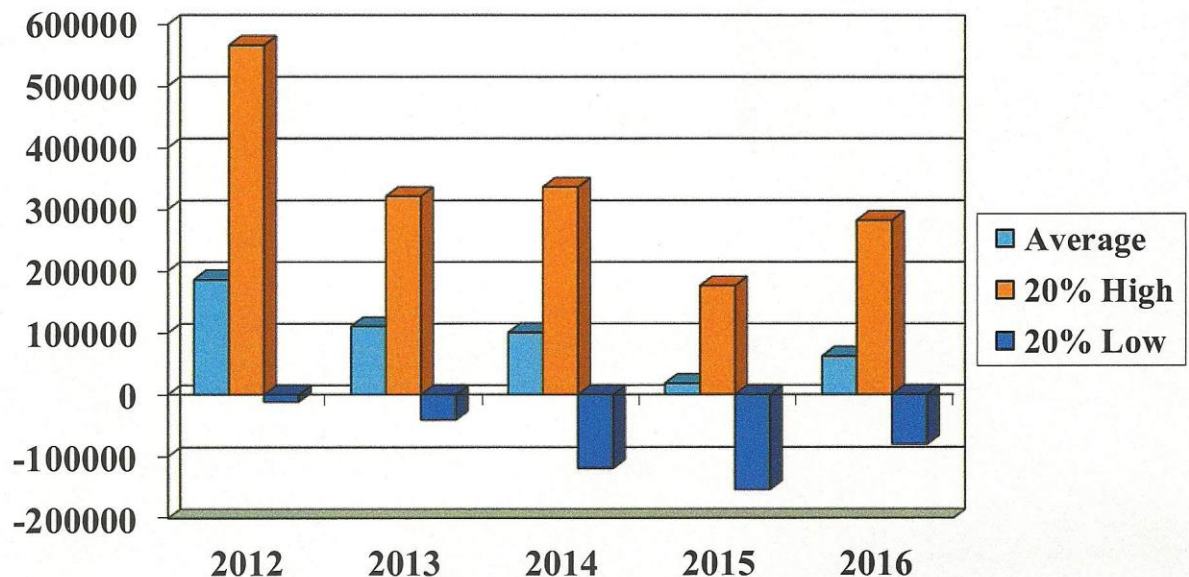
### 2016 Cow/Calf by Profitability Group

	Average	Low profit	High Profit
Gross Margin/cow	\$585.39	\$431.69	\$698.22
Direct Expense/cow	\$458.54	\$461.87	\$423.49
Overhead Expense/cow	\$111.95	\$130.11	\$118.05
Total Expense/cow	\$570.49	\$591.98	\$541.55
Net profit per cow	\$14.89	<\$160.29>	\$156.67

### Net Farm Income

The average net farm income for Region 4 in 2016 was \$61,881, while the low 20% profit group averaged -\$80,547 and the high 20% profit group averaged \$282,325.

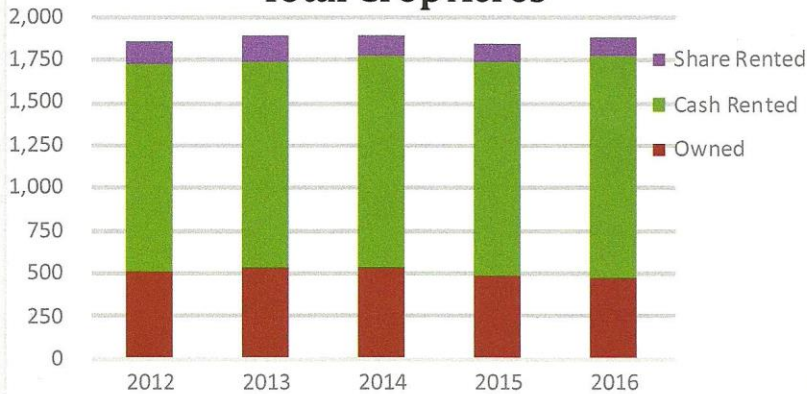
### Region 4 Net Farm Income





# More Highlights from the 2016 North Dakota Farm and Ranch Business Management Averages

## Total Crop Acres

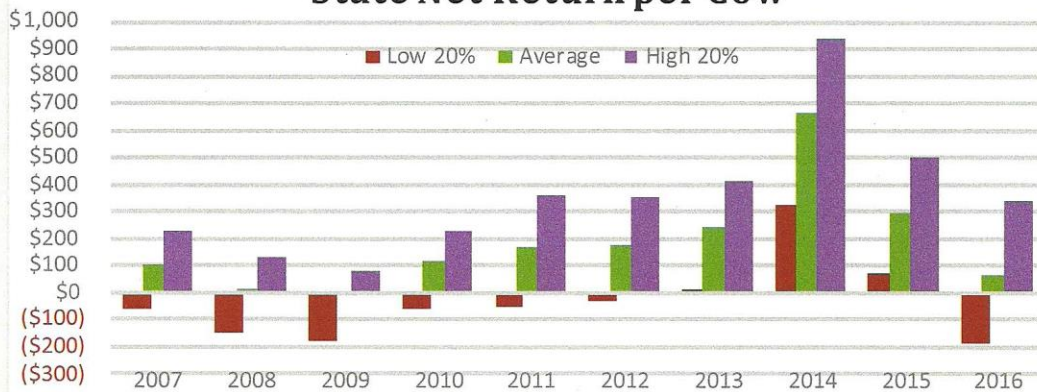


## Family Living Expense



## Beef Production in North Dakota for 2016

### State Net Return per Cow



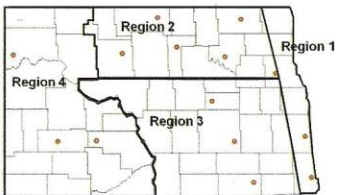
### Cow-Calf Herds

	2016	2015	Difference
Average Weaning Weight	571#	555#	16#
Average Price of Calves sold directly off cow	\$131.72	\$198.43	-\$66.71
Feed cost per Cow	\$348.56	\$360.67	-\$12.11
Net return per cow	\$60.06	\$287.66	-\$227.60

### Beef Backgrounding

	2016	2015	Difference
Average lbs gained/head	216#	191#	25#
Net return/cwt produced	\$59.33	\$3.67	\$55.66
Average sale price	\$143.08	\$186.23	-\$43.15
lbs of feed fed/lb of gain	9.34#	11.9#	-2.56#
Average daily gain	1.66#	1.81#	-0.15#

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](http://www.ndfarmmanagement.com) or the Finbin website at [www.finbin.umn.edu](http://www.finbin.umn.edu).

