

WISCONSIN DAIRY DATA

Fact sheet series from the Center for Dairy Profitability

2005-03final

October 2005

Final Benchmarks – Dairy Cost of Production, 2002 – 2004.

Below are final benchmarks for the 2004 financial year and final benchmark data for 2003 and 2002. In the 2004 financial year we have 660 farm financial records, there are 767 records from 2003 and 703 from 2002.

The 2004 Cost of Production report is on a per CWT EQ basis. Feed cost increased by \$0.63 per cwt eq from 2003. Total Basic Cost increased by \$1.58.

Item	2004	2003	2002
Average all Milk Price	\$16.10	\$12.50	\$12.15
Feed Purchased	\$3.13	\$2.50	\$2.41
Repair Cost	\$0.77	\$0.59	\$0.64
Vet & Medicine	\$0.45	\$0.38	\$0.39
TOTAL Basic Cost	\$9.32	\$7.74	\$7.93

Interest paid has remained fairly constant with labor cost and depreciation increasing.

Item	2004	2003	2002
Interest Paid	\$0.58	\$0.64	\$0.68
Total Labor Cost	\$2.77	\$2.43	\$2.48
Total Depreciation	\$1.21	\$1.20	\$1.37
TOTAL Cost	\$15.23	\$12.79	\$13.24

The report shows a total expense of \$15.20 to produce \$16.06 worth of income (US Average All Milk Price). This equates to a total income – total expenses of \$0.90 per cwt eq. This is the first year since 1999 that this number has been positive.

Item	2004	2003	2002
Total Income-Total Expense	\$0.87	-\$0.29	-\$1.09
Net Farm Income	\$3.33	\$1.68	\$1.06



Cost of Production

Report Basis: per Hundredweight Equivalent

Income	<u>2004</u>	<u>2003</u>	<u>2002</u>
	Economic	Economic	Economic
Total Income	<u>16.10</u>	<u>12.50</u>	<u>12.15</u>
Expenses	<u>2004</u>	<u>2003</u>	<u>2002</u>
	Economic	Economic	Economic
Basic Cost			
Cost of Items for Resale	0.00	0.00	0.00
Breeding Fees	0.19	0.16	0.16
Car and Truck Expenses	0.08	0.06	0.06
Chemicals	0.23	0.19	0.17
Conservation Expenses	0.00	0.00	0.00
Custom Heifer Raising Expenses	0.07	0.06	0.04
Custom Hire (Machine Work)	0.48	0.40	0.43
Feed Purchase	3.13	2.27	2.19
Fertilizer and Lime	0.40	0.32	0.27
Freight and Trucking	0.12	0.11	0.12
Gasoline, Fuel, and Oil	0.35	0.26	0.23
Farm Insurance	0.20	0.18	0.17
Rent/Lease Equipment	0.07	0.07	0.08
Rent/Lease Other	0.50	0.45	0.46
Repairs and Maintenance	0.07	0.06	0.06
Building and Fence Repairs	0.20	0.14	0.17
Machinery Repairs	0.50	0.43	0.41
Seeds and Plants Purchased	0.36	0.29	0.25
Storage and Warehousing	0.00	0.00	0.00
Supplies Purchased	0.45	0.39	0.40
Taxes - Other	0.17	0.15	0.15
Taxes - Payroll	0.01	0.01	0.01
Utilities	0.32	0.28	0.27
Veterinary Fees and Medicine	0.45	0.37	0.38
Other Farm Expenses	0.15	0.12	0.12
Marketing & Hedging	0.16	0.13	0.13
Other Crop Expenses	0.09	0.08	0.08
Other Livestock Expenses	0.55	0.51	0.48
- Change in Prepaid Expenses	(0.20)	(0.01)	0.13
Change in Accounts Payable	(0.05)	0.00	0.05
Depreciation on Purchased Breeding Livestock	0.27	0.20	0.24
Total Basic Cost	<u>9.32</u>	<u>7.66</u>	<u>7.70</u>

Mortgage Interest	0.24	0.27	0.29
Other Interest	0.34	0.30	0.35
Total Interest Cost	0.58	0.57	0.64

Interest Cost

Labor Cost

Employee Benefits - Dependents	0.19	0.15	0.16
Employee Benefits - Non-Dependents	0.19	0.17	0.16
Labor Hired - Dependents	0.28	0.22	0.24
Labor Hired - Non-Dependents	1.06	0.90	0.89
Pension and Profit-Sharing Plans - Non-Dependents	0.00	0.00	0.00
Value of Unpaid Labor & Management	1.05	0.96	0.97
Total Labor Cost	2.77	2.41	2.42

Depreciation & Equity Cost

Machinery, Equipment, Building Depreciation	1.21	1.04	1.15
Interest on Equity Capital	1.34	1.15	1.17
Total Depreciation & Equity Cost	2.56	2.20	2.32

Total Expenses	15.23	12.83	13.08
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Total Income - Total Expenses	0.87	(0.33)	(0.93)
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Net Farm Income from Operations (NFIFO) Summary

Total Allocated Costs	12.84	10.71	10.94
Net Farm Income From Operations (NFIFO)	3.26	1.79	1.21
Gain (Loss) on Sale of All Farm Capital Assets	0.06	0.06	0.13
Net Farm Income (NFI)	3.33	1.85	1.34