

WISCONSIN DAIRY DATA

Fact sheet series from the Center for Dairy Profitability

2008-04

May 2008

Preliminary Benchmarks – Dairy Cost of Production, 2005-2007

Below are preliminary benchmarks for the 2007 financial year and final benchmark data for the years 2005 & 2006. In the preliminary dataset for 2007 there are 189 farm financial records; there are 593 records for 2006 and 672 records for 2005. Data from the farms selected are in each year reported.

The 2007 Cost of Production report is on a per CWT EQ basis. Feed cost increased by \$1.18 per CWT EQ from 2006. Total Basic Cost increased by \$3.06 per CWT EQ.

Item	2007	2006	2005
Average all Milk Price	\$19.15	\$12.90	\$15.14
Feed Purchased	\$3.68	\$2.50	\$2.97
Repair Cost	\$0.81	\$0.58	\$0.69
Vet & Medicine	\$0.52	\$0.44	\$0.43
TOTAL Basic Cost	\$11.37	\$8.31	\$9.11

Interest paid increased \$0.27, labor costs have remained fairly constant with depreciation decreasing.

Item	2007	2006	2005
Interest Paid	\$1.01	\$0.74	\$0.65
Total Labor Cost	\$3.04	\$2.54	\$2.59
Total Depreciation	\$2.19	\$1.43	\$1.49
TOTAL Cost	\$18.08	\$13.54	\$14.37

The report shows a total expense of \$18.08 to produce \$19.13 worth of income (US Average All Milk Price). This equates to a “total income – total expense” of \$1.07 CWT EQ. This is an increase from the previous year where this number was negative.

Item	2007	2006	2005
Total Income-Total Expense	\$1.07	-\$0.64	\$0.77
Net Farm Income	\$3.42	\$1.16	\$2.55



Cost of Production

Report Basis: per Hundredweight Equivalent

Income	<u>2007</u>	<u>2006</u>	<u>2005</u>
	Economic	Economic	Economic
Total Income	19.15	12.90	15.14
Expenses	<u>2007</u>	<u>2006</u>	<u>2005</u>
	Economic	Economic	Economic
Basic Cost			
Cost of Items for Resale	0.00	0.01	0.00
Breeding Fees	0.23	0.18	0.17
Car and Truck Expenses	0.08	0.05	0.06
Crop Chemicals	0.24	0.13	0.19
Conservation Expenses	0.00	0.00	0.00
Custom Heifer Raising Expenses	0.16	0.05	0.06
Custom Hire (Machine Work)	0.54	0.39	0.45
Feed Purchase	3.68	2.50	2.97
Fertilizer and Lime	0.56	0.26	0.32
Freight and Trucking	0.17	0.17	0.15
Gasoline, Fuel, and Oil	0.56	0.42	0.42
Farm Insurance	0.21	0.16	0.18
Rent/Lease Equipment	0.08	0.06	0.07
Rent/Lease Other	0.51	0.43	0.49
Repairs and Maintenance	0.07	0.05	0.08
Building and Fence Repairs	0.20	0.14	0.18
Machinery Repairs	0.54	0.39	0.43
Seeds and Plants Purchased	0.43	0.24	0.33
Storage and Warehousing	0.00	0.00	0.00
Supplies Purchased	0.52	0.35	0.39
Taxes - Other	0.16	0.10	0.14
Taxes - Payroll	0.00	0.00	0.00
Utilities	0.39	0.30	0.30
Veterinary Fees and Medicine	0.52	0.44	0.43
Other Farm Expenses	0.14	0.13	0.14
Marketing & Hedging	0.25	0.13	0.14
Other Crop Expenses	0.15	0.11	0.09
Other Livestock Expenses	0.77	0.68	0.64
- Change in Prepaid Expenses	(0.39)	0.10	(0.07)
Change in Accounts Payable	(0.05)	0.03	0.00
Selling Expense of Capital Items	0.00	0.00	0.00
Depreciation on Purchased Breeding Livestock	0.66	0.30	0.35
Total Basic Cost	11.37	8.31	9.11

Interest Cost

Mortgage Interest	0.30	0.33	0.31
Other Interest	0.71	0.41	0.34
Total Interest Cost	1.01	0.74	0.65

Labor Cost

Employee Benefits - Dependents	0.15	0.12	0.14
Employee Benefits - Non-Dependents	0.20	0.22	0.23
Labor Hired - Dependents	0.23	0.17	0.20
Labor Hired - Non-Dependents	1.30	1.11	1.14
Pension and Profit-Sharing Plans - Non-Dependents	0.00	0.00	0.00
Pension and Profit-Sharing Plans - Dependents	0.00	0.00	0.00
Value of Unpaid Labor & Management	1.15	0.93	0.89
Total Labor Cost	3.04	2.54	2.59

Depreciation & Equity Cost

Machinery, Equipment, Building Depreciation	1.53	1.13	1.14
Interest on Equity Capital	1.12	0.83	0.87
Total Depreciation & Equity Cost	2.65	1.95	2.01

Total Expenses	18.08	13.54	14.37
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Total Income - Total Expenses	1.07	(0.64)	0.77
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Net Farm Income from Operations (NFIFO) Summary

Total Allocated Costs	15.80	11.79	12.61
Net Farm Income From Operations (NFIFO)	3.35	1.11	2.53
Gain (Loss) on Sale of All Farm Capital Assets	0.07	0.05	0.02
Net Farm Income (NFI)	3.42	1.16	2.55