**2023 North Dakota State Averages**

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North Dakota producers had a good year but saw a large decrease in their average net farm income. The average net farm income for 2023 was $139,574, decreasing from $430,678 in 2022. Even though the overall net cash farm income was only down about $4,000 this year the major decrease in net farm income was due to the decrease in inventory changes from the beginning of the year to the end of the year. Mostly because crop commodity prices were lower and having less prepaid inventory at the end of the year.

In 2023, the average operation enrolled in the North Dakota Farm Management Education Program farmed 2,254 crop acres and grazed 441 pasture acres. The average operator age was 47 years old and had 21 years of farming experience.

2023’s gross cash farm income was $1,279,151, of which 81.6% was from crop sales, 7.5% from livestock sales, 5% from insurance indemnities, 4.3% from other farm income, and 1.6% from government payments as shown in Table 1 below. Crop sales increased $150,262 and livestock sales increased $11,111 in comparison to 2022. Government payments decreased about $98,000 and insurance payments decreased about $38,000 from 2022.

Table

The average total cash farm expense was $988,382, increasing $32,886 from the average total cash expense in 2022. Gross farm income increased $29,233 from 2022 which about covered the increase in farm expenses. Interest rates were higher in 2023, yet there was still an increase in the amount of borrowed money due to the higher farm expenses. Debt paid in 2023 was also higher along with an increase of $17,610 in the amount of interest paid. With more money being borrowed, there was an increase in the average debt to asset ratio from 28% in 2022 to 32% in 2023.

North Dakota producers saw a decrease in profitability measures in 2023. The rate of return on assets decreased to 3.1% from 11.6% in 2022 and the rate of return on equity decreased to 2.1% from 15.9% in 2023. This indicates that borrowed money wasn’t quite making a return back to the operations with a lower return on equity. In addition, the 2023 average term debt coverage ratio was 1.51 meaning farmers and ranchers produced enough income to cover intermediate and long-term debt payments about one and half times. This was a decrease from 4.31% in 2022.

In 2023, the average operating expense ratio was 77.2% and the average interest expense ratio was 5%. This means that every dollar a producer earned in 2023, $0.77 was spent on operating expenses and $0.05 on interest. Of that dollar, about $0.08 was also allocated to depreciation. This leaves $0.10 of that dollar as profit for the year.

In 2023, producers saw an overall slight increase in yields on all crops except there was a small decrease in yields for soybeans, sunflowers, and durum. The five most profitable crops grown in 2023 on cash rented land in North Dakota are as follows:

1. Sugar Beets with a net return of $384.93 and yield of 24.77 cwt per acre.
2. Pinto Beans with a net return of $254.48 and yield of 21.30 cwt per acre.
3. Barley with a net return of $125.31 and yield of 75.98 bushels per acre.
4. Soybeans with a net return of $99.31 and yield of 35.99 bushels per acre.
5. Durum with a net return of $98.79 and yield of 48.73 bushels per acre.

The top ten crops produced in North Dakota during 2023 are outlined in Table 2 below showing the average net return for each crop on cash rented land.

Table

In 2023, North Dakota cattle producers saw a substantial increase in beef cow-calf profits. Feed costs increased to $543.52 per cow and calf sale weights decreased to 520 pounds but beef producers saw an increase in calf prices compared to 2022. The average net return in 2023 was $236.98 per cow which is an increase of $285.45 per cow from 2022. The average weaning weight was 521 pounds and the average weight of calves sold was 520 pounds with an average sale price of $262.75 per hundredweight.

In comparison, producers who chose to enterprise their cow-calf with backgrounding calves until sold also saw a significant increase in profits in 2023. The average net return was $433.96 per cow, roughly a $400 higher return from the previous year. Feed costs were $523.30 per cow, which was about $20 lower than the cow-calf enterprise until weaning. The average weaning weight was lower at 511 pounds and calves sold at an average of 533 pounds at $261.76 per hundredweight. Producers who enterprise their cow-calf herd with backgrounding charge the backgrounding costs against the whole herd instead of splitting into a separate cow-calf and beef backgrounding enterprise.

The 2023 beef backgrounding enterprise showed an average net return of $43.57 per head which was slightly higher than the 2022 average net return of $42.55 per head. On average, backgrounders sold at a weight of 705 pounds at $202.20 per hundred weight which equates to an average of $1425.51 per head which is about $340 more than 2022.

Overall, producers enrolled in the 2023 North Dakota Farm Management Education Program did well with experiencing moderately increased yields, selling old grain earlier in the year, and capturing higher values in the livestock market despite falling commodity prices both during and after harvest along with receiving significantly less income from government payments and crop insurance.

The data within this article was gathered by 11 North Dakota Farm Management Education programs. Instructors were able to gather information from 230 farms in different regions throughout the state. If you’d like to see your region’s annual report or the full state average report, please contact your local North Dakota Farm Management Education instructor or visit our website at [www.ndfarmmanagement.com](http://www.ndfarmmanagement.com).