



Economy of Danish Agriculture

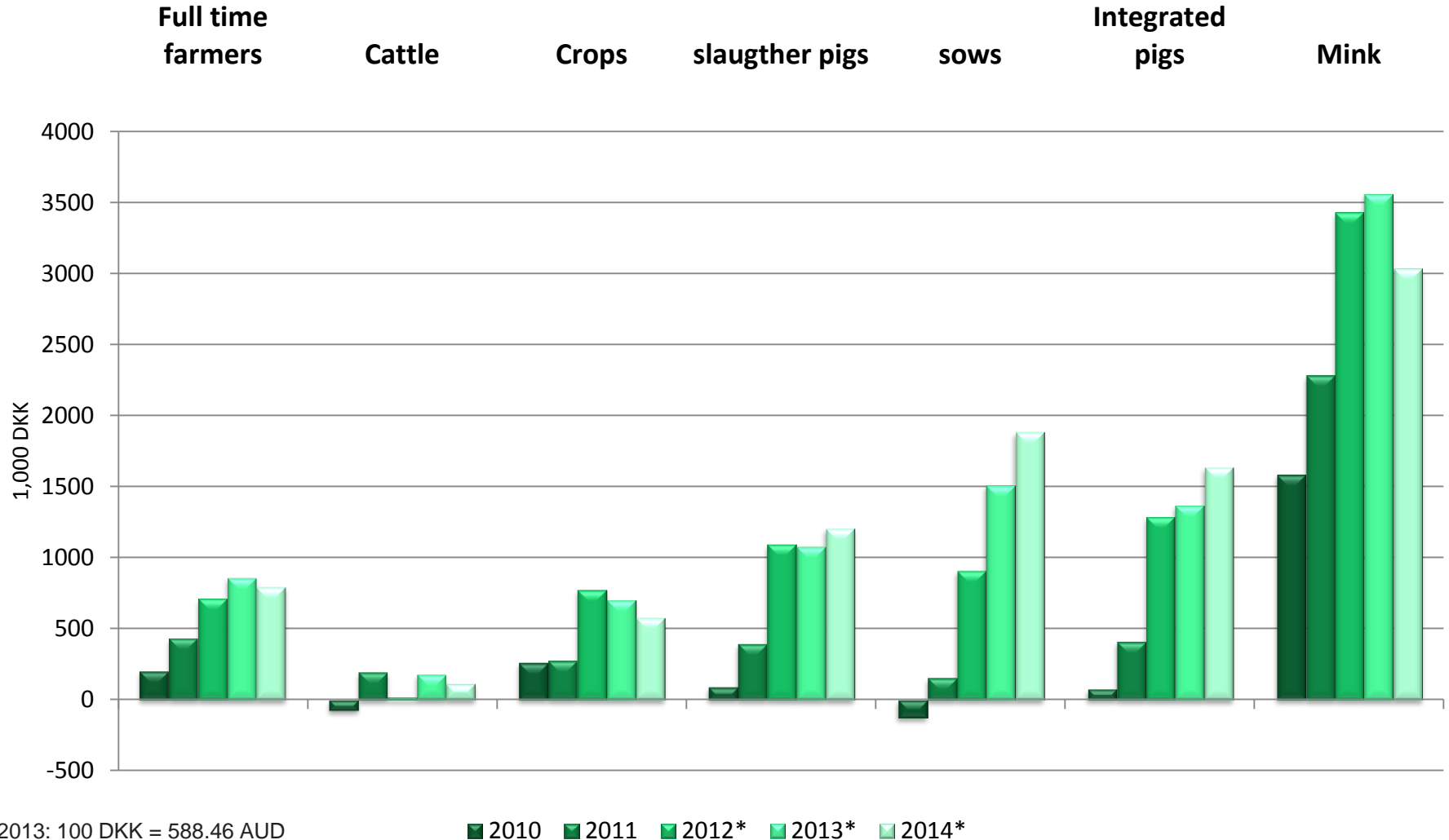
Australian Farm Institute
Knowledge Centre of Agriculture
April 30th 2013

By Ejnar Schultz
Chief Business Economics
Knowledge Centre of Agriculture



Forecast of agricultural operating result – March 2013

Operating results of Agriculture 2010-2014

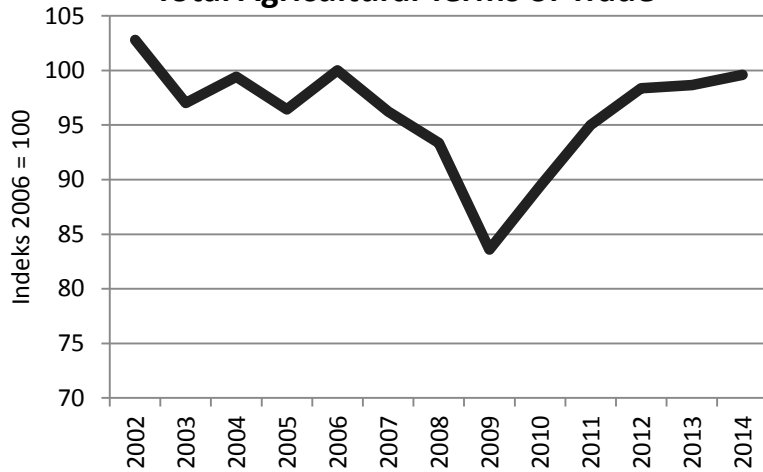


General income forecast trends

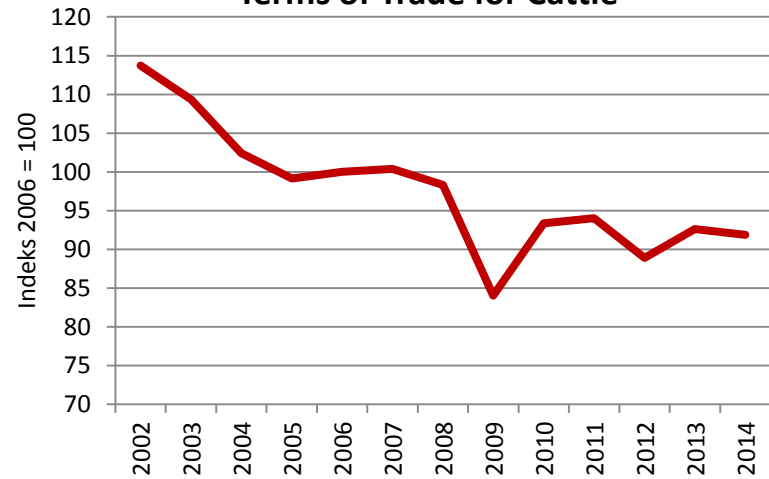
- 2011: DKK 400,000 - close to being an average year for the agricultural sector
- 2012-2014: Operating result level is DKK 700,000-860,000
- The reasons for higher income levels are:
 - Improved terms of trade
 - Continued low interest rates (despite higher institutional costs)
 - Increase in productivity
 - Fewer losses on financial contracts
- An operating result of approx. DKK 700,000-860,000 for an average full time farmer is close to a satisfactory level, however
 - But: Exclusive of mink producers: DKK 350,000-500,000
 - Before compensation of the owner's labour effort and return on equity

Strong terms of trade for pigs and crop – weak for cattle

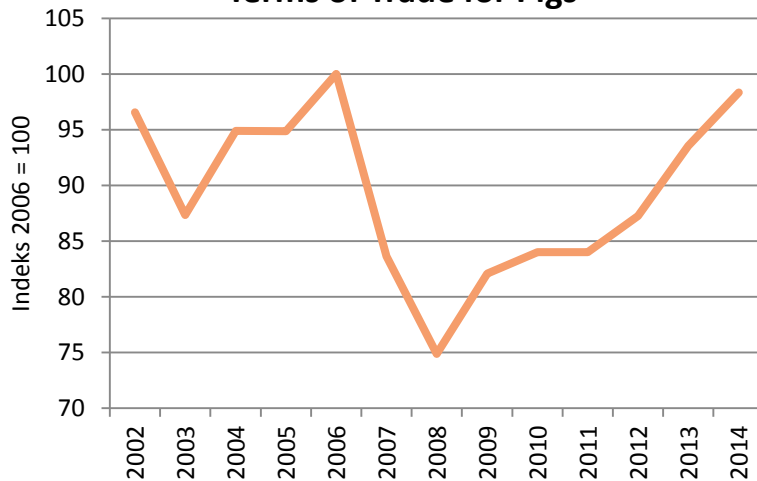
Total Agricultural Terms of Trade



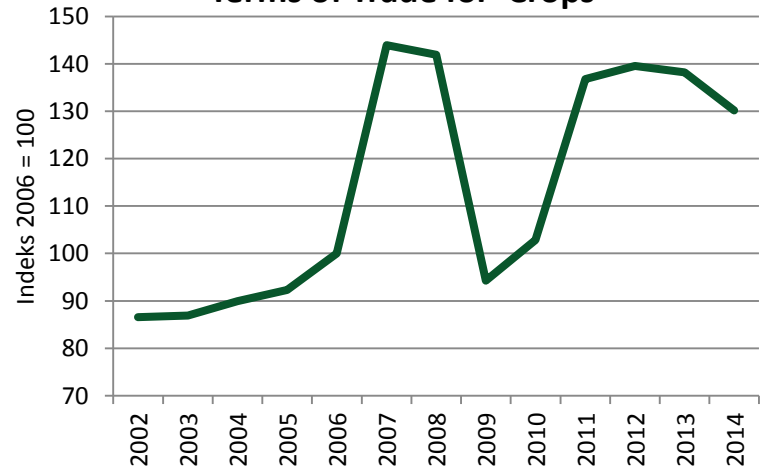
Terms of Trade for Cattle



Terms of Trade for Pigs

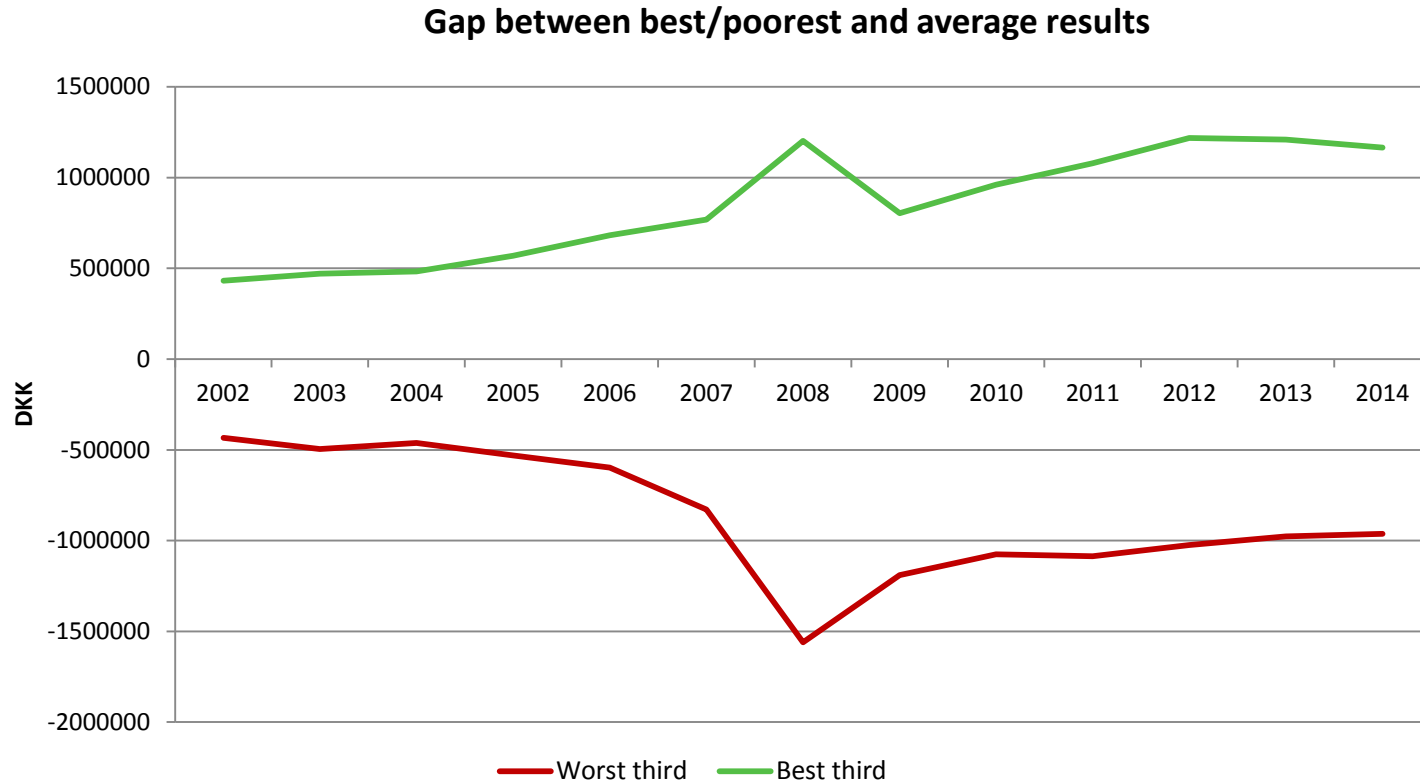


Terms of Trade for Crops



Heavy diversification of results

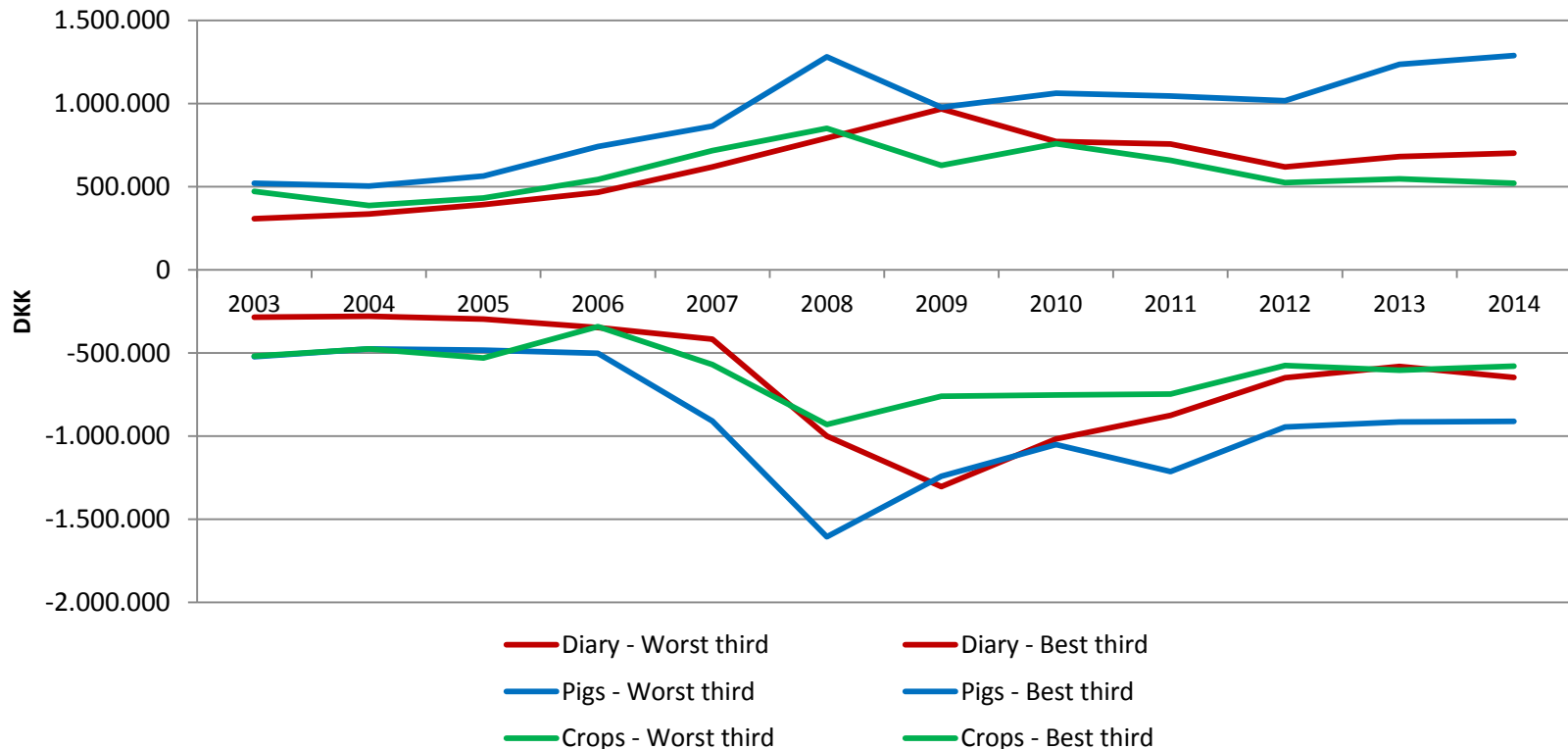
- Always be careful not to generalize
- Approx. +/- 1 Million DKK between best/worst third and average



Heavy diversification of results

- Heaviest diversification within pig production
- But also more than DKK 1 Million gap between best and worst third of other operating activities

Gap between best/worst and average



Heavy diversification of Results

- Even the worst third of pig producers have the prospect of profit in 2013 and 2014
- The best dairy farmers do well – the worst will continue to have serious problems

Best/worst third

