This paper examines the profitability of a balanced sample of 58 North Dakota farm supply and grain marketing cooperatives over the period 2003-2007. Our findings reveal that increased liquidity tended to allow farm supply cooperatives to operate more efficiently, but reduced the efficiency of cooperatives which provide farm supply and grain marketing services. These results suggest strategies for cooperatives during times of illiquidity and other credit constraints for achieving profitability objectives.

Key words: liquidity, solvency, cooperative, agribusiness marketing.