

June Is Dairy Month, And Dairy Producers Are Challenged

URBANA, ILL.

June is the month that celebrates dairy production, dairy farmers, and dairy products, said Michael Hutjens, a University of Illinois professor emeritus of animal sciences.

"The dairy industry is big business in the United States with farm cash receipts totaling 31.4 billion dollars in 2010. This represented 10.2 percent of all farm cash receipts," he said.

But June is not kind to U.S. dairy managers as milk prices have dropped 20 percent, and feed prices remain high, leading to a loss of \$1 to \$3 per 100 pounds of milk produced, depending on the region of the U.S., herd size, and level of milk production, he said.

"Milk prices have dropped as world milk prices have declined due to economic downturns in such European countries as France, Italy, Greece, and Portugal, high milk production in New Zealand with abundant rain producing high levels of pasture, and milk production up in the United States as dairy farms recover from a disastrous 2009 and 2010. A mild winter in 2012 also allowed cows to respond with more milk," Hutjens said.

Feed prices are high because soybean prices, used to produce soybean meal for dairy cattle, have increased as China increased purchases and dry weather in Argentina reduced yield, drought conditions in Texas and Oklahoma raised hay and forage prices in 2011, and corn prices remain high as 40 percent of U.S. corn is used for ethanol production, he added.

"Solutions for dairy managers to remain profitable include higher milk yield per cow (lowest the cost per 100 pounds of milk due to improved feed efficiency, high milk fat and milk protein content in milk (increases the milk price received), high-quality milk production (milk processors pay a bonus for quality milk), and the use of by-product feeds such as corn distillers' grain and corn gluten feed, which reduces feed costs," he said.

The U.S. efficiency story is impressive with milk yield per cow continuing to increase to 21,345 pounds per cow. That's nearly 85,000 glasses of milk annually. The U.S. record high-producing cow produced over 72,000 of milk in one year.

In 2011, 51,481 dairy farms produced 196.2 billion pounds of milk with an average herd size of 179 cows.

California continues to be the number one dairy state with 1.77 million cows producing 41.5 billion pounds of milk. New Mexico has the highest herd size with 2,350 cows per herd, he said.

"Milk prices are predicted to improve in the fall of 2012, but that depends on the summer growing season, which affects feed yields and costs, along with high cull cow prices that encourage removal of cows from the milking herd. Dairy managers need either lower feed prices and/or higher milk prices to return to profitable levels," he said. △