

ALABAMA DAIRY NEWSLETTER

ADS-D-09 6
July 7, 2009

This issue of the Alabama Dairy Newsletter contains ADHIA summary information for June 2009. Enclosed are several dates of importance and Boyd's Bullets.

2009 & 2010 Dates to Remember

September 27, 2009: 4-H National Dairy Conference, Madison, Wisconsin - Leave Sunday September 27th and Return Thursday Oct 1st.

October 1, 2009: Lease Forms For Animals To Be Shown At The Alabama National Fair

October 1, 2009: Entry Forms For The Alabama National Fair Show

October 10, 2009: Fayette District Dairy Show-Fayette, AL

October 11, 2009: Montgomery District Dairy Show – Montgomery, AL

October 11-13, 2009: Alabama National Fair Dairy Show- Montgomery, AL

November 6, 2009: Quiz Bowl Louisville KY - Leave Friday Nov 6 & Return Sunday Nov. 8, The Contest Is Saturday, Nov 8th

November 7, 2009: Dairy Judging Louisville KY - Leave Saturday Nov 7 & Return Monday, Nov 9th Contest Is Sunday, Nov 8th

March 6, 2010: State Dairy Judging Workshop – Wedowee, AL

March 17, 2010: Entry Forms From State Judging Teams

March 20, 2010: State Dairy Judging Contest – Shorter, AL

March 20, 2010: State Dairy Quiz Bowl Contest – Shorter, AL

May 1, 2010: DAIRY U 2nd Term – Auburn, AL

For More Info: www.ag.auburn.edu/~bradybo

Respectfully,

Boyd Brady, Extension Dairy Specialist

ALABAMA'S TEN HIGH HERDS FOR MILK,FAT & PROTEIN IN JUNE 2009
OFFICIAL 305 DAY DHIA HERDS PROCESSED BETWEEN 6-1-09 AND 6-30-09

| Name | City | Breed | No. Cows | All Cows | | | |
|--|--------------|-------|----------|-----------|-----------------|------|---------|
| | | | | %in Milk | Ave. Daily Milk | Fat | Protein |
| <u>MILK</u> | | | | ** | | | |
| CHARLES EICHER | NEWBERN | H | 75 | 93 | 60.5 | 1.86 | 1.63 |
| E V SMITH RES CEN | SHORTER | H | 85 | 92 | 58.9 | 1.84 | 1.71 |
| MIKE RYAN | COTTONDALE | H | 127 | 91 | 56.0 | 2.48 | 1.84 |
| BENNEY JOE BROWN | SOUTHSIDE | H | 64 | 100 | 50.9 | 1.66 | 1.43 |
| J BOYD SIGAFOOSE | CENTURY | B | 87 | 83 | 48.0 | 1.82 | 1.53 |
| MIDDLETON BROS | MOBILE | H | 241 | 92 | 46.2 | 1.64 | 1.35 |
| PAYTON FARMS | COLLINSVILLE | H | 89 | 89 | 45.7 | 1.31 | 1.28 |
| WHITT DAIRY | ARDMORE | H | 105 | 80 | 44.3 | 1.48 | 1.29 |
| BOBBY SPENCER | VERNON | J | 54 | 100 | 42.7 | 1.84 | 1.51 |
| JEFF SULLIVAN | ELROD | J | 21 | 100 | 42.4 | 1.89 | 1.58 |
| Average of Ten High Herds This Month | | | | | 49.6 | | |
| Average of Ten High Herds Last Month | | | | | 57.0 | | |
| Average of Ten High Herds Last Year This Month | | | | | 1.92 | | |

| | | | | | | | |
|--|------------|---|-----|-----------|------|------|------|
| <u>FAT</u> | | | | ** | | | |
| MIKE RYAN | COTTONDALE | H | 127 | 91 | 56.0 | 2.48 | 1.84 |
| E V SMITH RES CEN | SHORTER | J | 62 | 87 | 39.7 | 1.95 | 1.37 |
| CEDARCREST FARMS 2 | FAUNSDALE | J | 490 | 82 | 41.9 | 1.93 | 1.52 |
| JEFF SULLIVAN | ELROD | J | 21 | 100 | 42.4 | 1.89 | 1.58 |
| CHARLES EICHER | NEWBERN | H | 75 | 93 | 60.5 | 1.86 | 1.63 |
| E V SMITH RES CEN | SHORTER | H | 85 | 92 | 58.9 | 1.84 | 1.71 |
| BOBBY SPENCER | VERNON | J | 54 | 100 | 42.7 | 1.84 | 1.51 |
| J BOYD SIGAFOOSE | CENTURY | B | 87 | 83 | 48.0 | 1.82 | 1.53 |
| BENNEY JOE BROWN | SOUTHSIDE | H | 64 | 100 | 50.9 | 1.66 | 1.43 |
| MIDDLETON BROS | MOBILE | H | 241 | 92 | 46.2 | 1.64 | 1.35 |
| Average of Ten High Herds This Month | | | | | 1.90 | | |
| Average of Ten High Herds Last Month | | | | | 2.00 | | |
| Average of Ten High Herds Last Year This Month | | | | | 1.92 | | |

| | | | | | | | |
|--------------------------------------|------------|---|-----|-----------|------|------|------|
| <u>PROTEIN</u> | | | | ** | | | |
| MIKE RYAN | COTTONDALE | H | 127 | 91 | 56.0 | 2.48 | 1.84 |
| E V SMITH RES CEN | SHORTER | H | 85 | 92 | 58.9 | 1.84 | 1.71 |
| CHARLES EICHER | NEWBERN | H | 75 | 93 | 60.5 | 1.86 | 1.63 |
| JEFF SULLIVAN | ELROD | J | 21 | 100 | 42.4 | 1.89 | 1.58 |
| J BOYD SIGAFOOSE | CENTURY | B | 87 | 83 | 48.0 | 1.82 | 1.53 |
| CEDARCREST FARMS 2 | FAUNSDALE | J | 490 | 82 | 41.9 | 1.93 | 1.52 |
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| MIDDLETON BROS | MOBILE | H | 241 | 92 | 46.2 | 1.64 | 1.35 |
| Average of Ten High Herds This Month | | | | | 1.54 | | |
| Average of Ten High Herds Last Month | | | | | 1.71 | | |

Boyd's Bullets July 2009

Info derived from Dairy Alert

***Cow burps.**

Belching from the nation's 170 million cattle, sheep and pigs produces about one-quarter of the methane released in the U.S. each year, according to the Environmental Protection Agency. That makes the hoofed critters the largest source of the heat-trapping gas.

The EPA under President Barack Obama has said it has no plans to regulate the gas, even though the agency recently included methane among six greenhouse gases it believes are endangering human health and welfare.

Administration officials and House Democratic leaders have tried to assure farm groups that they have no intention of regulating cows. That effort, however, has done little to ease the concern of farmers and their advocates in Congress about the toll that regulating greenhouse gases will have on agriculture.

House aides and EPA officials say that controlling such emissions is unworkable. Cow burps make up about 2 percent of all the climate-altering pollution in the U.S.

"I think they realized that if you are a Democrat in an agricultural state, a red state, that this is radioactive and I think that is why they have tried scrupulously to reaffirm that they don't have any intention of doing this," said Sen. John Thune, R-S.D. He is sponsoring a bill that would bar the EPA from requiring farmers to get permits for cattle burps.

The origins of the cow tax can be traced to last July, when President George W. Bush's EPA released documents outlining how the Clean Air Act could regulate greenhouse gases.

Even though the Bush administration had no intention of using the law, farm groups seized on a single paragraph deep in the comments from various federal agencies. The Agriculture Department warned that if EPA decided to regulate agricultural sources of greenhouse gases, numerous farms would face costly and time-consuming process to acquire permits for barnyard burping.

The Farm Bureau quickly did the math and figured farms would have to pay about \$175 for each dairy cow, \$87.50 per head of beef cattle and \$20 for each hog to purchase permits for emissions.

Full story { <http://www.elabs3.com/ct.html?rtr=on&s=ikv,10zg0,2ycc,3d60,b6gt,g3uw,9920> }

***Milk-feed ratio unchanged**

The milk-feed price ratio did not budge between May and June. According to the USDA's "Agricultural Prices" report released today, the June ratio is 1.47, which is unchanged from May, but down from 1.88 a year ago.

The all-milk price used by the government to calculate the ratio fell another 20 cents — from \$11.60 in May to \$11.40 per hundredweight in June. One year ago, the all-milk price used to calculate the ratio was \$19.30.

Feed prices used in the June calculation were mostly lower. The price of baled alfalfa hay decreased \$10 — from \$138 in May to \$128 per ton in June. The corn price used to calculate the June ratio was \$3.93 per bushel, down 4 cents versus May. Soybeans continued to post gains — increasing 90 cents from \$10.70 to \$11.60 per bushel.

Feed prices are still lower than a year ago. Alfalfa hay was \$172 per ton in June 2008; soybeans were \$13.10 per bushel; and corn \$5.47 per bushel.

Whenever the ratio meets or exceeds 3.0, it is considered profitable to buy feed and produce milk.

***Dairy Cattle Harvest**

According to today's "Livestock Slaughter" report from the USDA, 212,000 dairy cows went to slaughter in May. This is 17,000 head more than in May 2008.

Yet, dairy farmers sent 3,000 fewer cows to slaughter in May 2009 than they did in April 2009.

Meanwhile, there has been a significant increase in dairy cow marketings in the period January through May of this year versus the same period in 2008. Last year, 1,079,000 head were slaughtered during those five months. This year, 1,189,000 head exited the national dairy herd January through May, an increase of 110,000 animals.

These figures still probably don't reflect the Cooperatives Working Together herd retirement program. Those 103,000 cows began to head to market in June.

Dairy Situation and Outlook

June 18, 2009

By: Bob Cropp, Professor Emeritus, University of Wisconsin Cooperative Extension

USDA estimates May milk production to actually be up just slightly at 0.1% from a year ago. The growth in milk production has been slowing with revised April production at the same level as a year ago. But, with the very depressed farm milk prices and resulting financial stress dairy producers are facing, milk production should start to fall below year ago levels and end the year being down 1% or more from that of 2008. The slow down in production is due to a combination of a decline in milk cow numbers and not much increase in milk per cow. Very low milk prices and relatively high feed costs have meant unfavorable returns over feed costs for dairy farmers. Dairy farmers have responded by increasing the slaughter of dairy cows and feeding less grain and concentrate. As of May, milk cow numbers have fallen 59,000 head from the beginning of the year and are now 0.5% below a year ago. Milk per cow in May was up just 0.6%, slightly offsetting fewer cows. The 7th round of CWT is ! now in operation and will remove about 103,000 cows between now and the end of July.

Of the 23 reporting states, 11 had more milk in May than a year ago, 11 had a decrease and one state, Illinois had no change. The decreases in May milk production were mostly in Western, Southern and Northeast states. Decrease in production were as follows: California 1.9%, Idaho 1.4% (the first and fourth largest producing states), Arizona -6.2%, Utah -0.7%, Washington -1.4%, Missouri -3.9%, New York -0.8%, Pennsylvania -0.8%, Vermont -3.1%, Virginia -1.3% and Ohio -0.9%. States with increases in May production included Texas with 6.3%. Most other states were in the Central or Midwest regions with Minnesota +2.9%, Wisconsin +1.9%, Iowa +2.1%, Indiana +2.1% and Kansas +6.8%. Other states with increases were Michigan +3.1%, Colorado +2.4%, Oregon +1.5%, New Mexico +2.0% and Florida +2.1%.

Despite milk production being at about year ago levels, and forecasted to continue to decline, dairy product prices have not shown any strength. On the CME, butter was \$1.265 per pound on June 3rd, but as of June 18th it had slid back to \$1.20 per pound. 40-pound cheddar block cheese was at the \$1.13 per pound support price on May 11th, increased to \$1.1525 on May 29th only to slip back to below support at \$1.1275. Barrel cheese was below the \$1.10 per pound support price (\$1.055) on May 7th, increased to \$1.1025 on June 1st and is now again below support at \$1.07. The only price improvement has been with nonfat dry milk and dry whey. While CCC continues to purchase nonfat dry milk weekly under the support program some West nonfat dry milk is selling for \$0.865 per pound. More domestic interest and some improved exports have increased West dry whey prices to the \$0.29 to \$0.31 per pound range. Earlier in the year dry whey was selling for around \$0.15 per pound. This increase adds \$0.80 to \$0.90 per hundredweight to the Class III price offsetting only partially the effect of depressed cheese prices. With these prices the June Class III price will be around \$9.90, not much improvement from \$9.82 in May. The June Class IV price will be around \$10.53, up from \$10.14 in May, and the U.S. all milk price will also show little improvement being around \$11.80 compared to \$11.70 in May.

Milk production needs to fall below year ago levels before there is much improvement in milk prices. The weak domestic economy and loss of export sales has meant more than enough milk and dairy products for current needs. Stocks of most dairy products have been building month to month. Latest stock report, April 30th shows compared to a year ago, butter stocks growing but still down 3.5%, American cheese stocks growing and 7.9% higher, total cheese stocks growing and 6.8% higher, dry whey and whey protein concentrate stocks growing but yet down 14.6% and 4.3% respectively. The

exception is nonfat dry milk stocks which were at 300.9 million pounds in January have declined each month since to 135.5 million pounds in April, but still 102.6% higher than a year ago.

The loss of the export market is a major factor for depressed dairy product prices. USDA estimates dairy exports for the year will be down 57% on a fat-basis from last year or 25% on a skim-solids basis. This is like putting 3 to 4% more milk on the domestic market. For the first 4 months compared to last year, dairy exports were: nonfat dry milk/skim milk powder down 52%, cheese down 29% and butter down 79%. The exception was exports of total whey products, up slightly to 3%.

We know that as milk production continues to slow that dairy product prices and milk prices will improve. But, the recovery appears to be very slow. Opinions as to how much improvement by year end varies. With the sensitivity of prices to rather small supply and demand changes any of these opinions could be correct. Due to a sluggish domestic economy and the lost of exports USDA is not overly optimistic for much improvement this year. USDA predicts the following average prices for the year: Class III \$10.60 to \$11.00, Class IV \$10.10 to \$10.60, and the All Milk Price \$11.95 to \$12.35. I still feel prices could do better than this. I could see Class III \$13.65 by September and \$15.15 by December with an average of \$12.10 for the year. The All Milk Price could be \$15.40 by September and \$16.45 by December with an average of \$13.65 for the year. Current futures prices are in between these estimates. None of these estimates get milk prices to a level for favorable returns over feed and operating costs for dairy producers. Financial stress dairy producers are currently facing will continue to push down milk production for most of 2010 and result in further improvement in milk prices. But, it could take until the second half of 2010 before prices get to a level for favorable returns to dairy producers. If production slows more than expected, domestic demand and/or exports improve more than expected, or some government action to improve prices is implemented, prices could improve much sooner and that would be very well received.

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<http://www.wam.umd.edu/~markv/Dairy-L.html>