EU post-quota milk production even greater than expected

By CAROL RYAN DUMAS
Capital Press

Cows wit t eir distincti e maternal instinct ta e care of a newly orn calf near esel ermany on Aug. 20. U farmers are increasing mil production in response to t e end of uotas.

While milk production growth is slowing in most export regions in response to falling prices, it continues to barrel ahead in Europe, particularly in Ireland and the Netherlands.

More milk supplies in response to the removal of milk quotas in early April were expected in Europe, but the growth is even greater than anticipated, Rabobank analyst Matt Johnson said during the bank's latest market webinar.

European dairy farmers are operating in a market without production limits for the first time in 30 years, and they've responded with significant growth — boosting production 2.2 million tons from April through October compared to the same period in 2014, he said.

Year-over-year production increases are growing, from 2.4 percent in September to nearly 4 percent in October.

And they're likely to come in higher in November and December compared with weaker figures, as suppliers were putting on the brakes in late 2014 to reduce over-quota super levies, he said.

Most of the growth is coming from Ireland and the Netherlands, which together accounted for 60 percent of the additional supply. Similar increases are expected in those two countries for November and December, he said.

Across Europe, post-quota investments in new barns and additional cows are coming online, and those investments have to be paid for. Milk prices are being supported above market level, with prices at an equivalent of about $13.50 per hundredweight compared with a value of closer to $11 for milk going into butter and skim milk powder, he said.

In some cases, the support is coming from co-ops selling some share holdings in their public companies and sending the money back to farmers. In others, co-op reserves are being eroded and sent to farmers at an earlier stage, he said.

Those strategies are allowing dairy farmers to generate cash to pay back investments, he said.

An additional dynamic is factoring into significant growth in the Netherlands, where environmental regulations, particularly for phosphates, are being reviewed, Johnson said.

The government is working on reference rates linked to the number of cows on the farm, so dairymen are keeping their cow numbers up, sending 22,000 fewer cows to slaughter compared with the previous year, he said.

Currency exchange rates and a weaker euro are helping exports, mitigating lost markets due to Russia's political sanctions and preventing a buildup of stocks. European dairy exports have been performing well all year and were up 9 percent in liquid milk equivalent year over year in the third quarter.

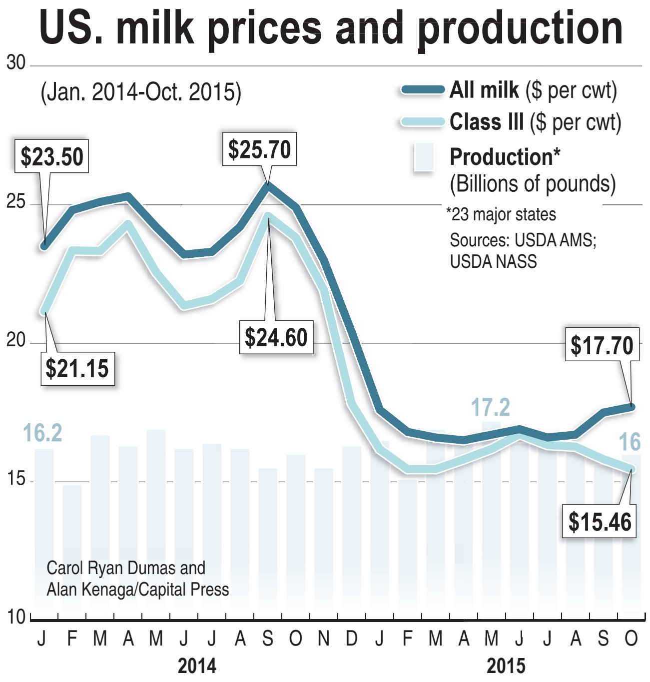
Further export incentive is in the lower buy-in for government intervention stocks, which is down $500 a ton to $1,833 for skim milk powder since March 2014, he said.

Internal demand has also been better than it has for the past several years, he said.

Some milk prices in Europe are starting to move lower, and Rabobank expects European production and export surplus to shrink in 2016, but not until the second half of the year. Lower milk prices won't begin to affect production until the start of the next milk season about March or April, he said.

Strong year-over-year growth is expected in the first half, mainly due to weaker 2014 comparables. Exchange rates will still make exports attractive, but at some point export destinations will fill and those markets will reduce imports, he said.

Both intervention and private storage aid stocks are likely to build and put some pressure on pricing despite internal consumption growth, he said.



Milk production drops in the West

By CAROL RYAN DUMAS
Capital Press

U.S. milk production growth slowed overall in November with the total up just 0.6 percent year over year to 16.6 billion pounds nationwide.

Most of the slowing was due to drought-related declines across the West, which somewhat balanced out continued strong growth in the Midwest and moderate growth in the Northeast.

The number of milk cows nationwide was up 29,000 head to 9.31 million and production per cow, at 1,787 pounds, was up 4 pounds year over year.

Production declines were led by California, down 4.4 percent and 149 million pounds to 3.2 billion pounds. Cows were down 4,000 head, and milk per cow was off by 80 pounds year over year.

Oregon and Washington also posted production declines, down 1.5 percent to 1.136 million pounds and 0.4 percent to 524 million pounds, respectively.

Cow count was down 1,000 head in Oregon and held steady in Washington. Milk per cow took a 15-pound hit in Oregon and a 5-pound hit in Washington.

Production in New Mexico decreased 3.3 percent to 617 million pounds. Cow numbers held steady, but milk per cow was down 65 pounds.

Idaho and Arizona were the only Western states posting production increases, up 1.9 percent to 1.136 billion pounds and 1.3 percent to 380 million pounds, respectively.

Other declines were seen in Kansas, down 1.6 percent; Texas, down 1.7 percent; Utah, down 1.1 percent; and Virginia, down 2.1 percent.

Notable increases were seen in Wisconsin, New York, Michigan, Indiana, Colorado and South Dakota.

Wisconsin was up 4.3 percent to 2.349 billion pounds on 7,000 additional cows and an added 65 pounds per cow.

New York posted a 3.3 percent increase to 1.147 billion pounds on 5,000 additional cows and an added 45 pounds per cow.

Michigan was up 6.4 percent to 836 million pounds on 11,000 additional cows and an added 70 pounds per cow.

Indiana was up 4.1 percent to 332 million pounds on 5,000 additional cows and an added 25 pounds per cow.

Colorado was up 3.4 percent with an additional 4,000 head and an added 55 pounds per cow.

Pre-calving nutrition critical for healthy cows

By CAROL RYAN DUMAS
Capital Press

JEROME, Idaho — Healthy cows and viable calves are at the core of the cow-calf operation, and getting them through the cold, sometimes harsh, winters takes special attention.

Proper winter feeding is critical, as what takes place during that pre-calving period sets things up for the rest of the year, John Hall, beef cattle specialist with the University of Idaho Nancy M. Cummings Center, told cattle producers at the Magic Valley extension beef school on Dec. 17.

Cows that calve in poor body condition have longer postpartum intervals and lower pregnancy rates and produce weak calves, and heifers are particularly sensitive, he said.

Nutrition in the last trimester also affects a calf's performance the rest of its life, with affected steers grading lower and heifers harder to breed back, he said.

Producers should aim for a body condition score of 5 or 6, moderate but not fat. If the cow is "plenty fleshy," she's going to breed right back, he said.

Anytime before calving is a good time to start working on body condition. It doesn't matter where you start but where you end up at calving. After calving is too late, as the extra nutrition will be going to the nursing calf, he said.

Pre-calving nutrition is also important for labor and calf performance directly after birth. Research has shown that cows with restricted nutrition in the last trimester took two hours to go through the birth process, ran out of steam and took longer to get up and tend to their calf. Their calf also took longer to stand up and to start sucking, Hall said.

Calves need extra energy to keep warm in cold weather, and they can burn through the reserve they are born with within 24 hours. They need to "get up and suck pretty quick in Idaho," considering typical winter conditions, he said.

Cows lacking proper nutrition are also likely to produce calves with weak calf syndrome, which affects their ability to get up and nurse and comes with a high mortality rate, he said.

A calf only has 24 hours before its gut closes, and its ability to absorb those antibodies in the colostrum diminishes over that period. Producers should also be aware that under-nourished cows produce fewer antibodies in the colostrum, he said.

'Twas the 'weak' before Christmas

By LEE MIELKE
For the Capital Press

Dairy Markets
Lee Mielke

Cash dairy prices continue to slide like an overloaded sleigh.

Traders, awaiting Friday afternoon's November Milk Production report, reversed earlier week declines on cash block Cheddar cheese Friday morning, upping the price 3 cents, to close the day and the week at $1.44 per pound, still down a half-cent on the week and 17 cents below a year ago.

The blocks were unchanged Monday but down 3 cents Tuesday, sliding to $1.41, the lowest level since Jan. 10, 2011.

The barrels were bid up 4 cents Friday, closing at $1.45, up 2 3/4-cents on the week but a dime below a year ago. They were unchanged Monday but slipped to $1.42 Tuesday.

Nineteen cars of block were sold last week at the CME and 10 of barrel. Seven loads of block and five of barrel went to Chicago Tuesday.

Dairy Market News says, "Continuing high milk supplies are a big factor driving ... cheese production. If you run a cheese plant, you make cheese. If you also have high milk availability at a favorable cost, you make more cheese."

Milk was ample and more will be looking for a home this week and next when DMN says, "prevailing fluid milk retail and school sales patterns are altered for the holiday weeks. Something must be done with the milk, and cheese continues to be among the most profitable uses."

Western cheese makers also have plenty of milk and production is steady. Processors expect some downturn in demand after the holidays but anticipate good requests through the Super Bowl.

Cash butter grabbed a tree branch on its way down last week. After dropping 70 cents the week before and 13 cents last Monday, it inched up three-quarter cents Wednesday, but plenty of product found its way to Chicago (26 loads) and pulled the spot to $2.06 per pound Friday, down 14 cents on the week, but 45 cents above a year ago.