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Dairy



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Milk production is shifting westward, economists at the University of Wisconsin say.

Milk production increases in the West

By CAROL RYAN DUMAS
Capital Press

Despite three years of low milk prices, total milk production in the U.S. continued upward in February, increasing 1.8 percent year over year to 17 billion pounds.

But it wasn't up across the board. Strong production in the West made up for deficits in the Midwest and Northeast, USDA National Agricultural Statistics reported.

Output was up 4.6 percent in the Southwest, 4.1 percent in the Northwest and 3.5 percent in California. On the flip side, it was down 1.3 percent in the Northeast and 0.2 percent in the Midwest.

The biggest increases in production were in Colorado, up 7.7 percent on more cows; Utah, up 6.9 percent on more cows and higher per-cow production; Texas, up 5.5 percent on more cows and higher per-cow production;

and Idaho and Kansas, which were each up 4.8 percent on more cows and higher per-cow production.

California's increased production was a bit of a surprise. The state had 1,700 fewer cows than last year, Bob Cropp, an economist at the University of Wisconsin, said in the latest Dairy Situation and Outlook podcast.

"But production per cow was very strong, so they had a 3.5 percent increase," he said.

California's production per cow was up 80 pounds from February 2017, compared to an average increase of 24 pounds nationwide.

Elsewhere, production suffered. New York's milk output was down 2.3 percent on 55 fewer pounds per cow, despite an additional 9,000 cows. Minnesota's production was down 0.5 percent on fewer cows. Vermont's production was down 1.9 per-

cent on lower milk per cow, and Florida's output was down 2.8 percent on weaker production per cow.

Wisconsin's production was only up 0.1 percent, and Michigan's production was only up 0.9 percent. Both had a 10-pound per cow increase but 5,000 fewer cows.

Nationally, "cow numbers have increased every month since October, not a lot, about 15,000 head (total)," Cropp said.

While total cow numbers — 45,000 head over a year earlier — are only up about a half of a percent, some states are making significant increases.

Cow numbers are up 16,000 head in Texas, 12,000 head in Colorado and 9,000 head in both Idaho and Kansas.

"So there's some building going on in those states," he said.

In addition to the cow re-

ductions in California, Wisconsin and Minnesota, cow numbers were flat in South Dakota, he said.

"I suspect to see what I hear out there that we've got some exiting going on in the dairy industry with these low prices," he said.

Milk production is slowing in the Midwest and Northeast, he said.

Some changes in milk production are attributable to weather, such as last year's harvest of poor-quality forage in New York and unusually good weather in California this year, Mark Stephenson, director of dairy policy analysis at the university, said.

"But it (changing production) still feels a little stronger in both directions than just weather or poor feed," he said.

"It's like we have some big tub here of milk, and it sloshes from one side and back to the other," he said.

California farmers vote on new federal marketing order

By CAROL RYAN DUMAS
Capital Press

California dairy farmers are nearing the finish line in a marathon effort to abandon their state milk marketing order and join the federal milk marketing order system.

USDA issued its final decision to establish a federal order for the state and will conduct a referendum from April 2 through May 5 to determine producer support.

"It has been a long haul," Geoff Vanden Heuvel, board member and economic consultant for the Milk Producers Council, said.

Over the last decade, producers have been dissatisfied with how the state system has operated, he said.

"California producers came to believe the state system created a regulatory bias against producers," he said.

The system worked well when California operated in an isolated market, and it allowed the industry to grow. But the state is no longer isolated, and California's industry has become a huge part of U.S. and world markets, he said.

"We need to be on a level playing field with the rest of the (U.S.) industry," he said.

Producers will now be able to decide which system will best accommodate future prosperity, he said.

Now that the final decision has been issued, "we're at a point here where it's a yes or a no," he said.

The Western United Dairyfarmers organization "is excited that the process of improved producer prices is finally coming to a productive close," Annie AcMoody, WUD director of economic policy, said.

Dairyfarmers pursued joining the federal system to bring their milk prices in line with the rest of the country after little to no success at increasing prices through their state order.



Capital Press File

Cows lounge at Vander-Woude Dairy near Merced, Calif. The state's dairy farmers are voting on a new federal milk marketing order in a referendum that lasts until May 5.

"We are relieved to be arriving at this point in the federal order process and look forward to engaging producers in their education of this potential new pricing structure," Lucas Deniz, WUD president and a Petaluma dairy producer, said.

The California Dairy Campaign has long called for the state's producers to join the federal order system to bring prices and the process for determining prices in line with other regions, Lynne McBride, CDC executive director said.

"We think this change is long overdue given California dairy producers' prices are routinely the lowest or near the lowest of any of the major dairy-producing regions," she said.

The latest analysis by the California Department of Food and Agriculture puts cost of production at more than \$18 per hundredweight of milk, and producers are receiving about \$14 for their milk. The state lost 61 dairy operations last year, and that trend is continuing, she said.

The journey to a federal order formally began in February 2015, when California Dairies Inc., Dairy Farmers of America and Land O'Lakes petitioned USDA to consider a proposal they developed.

Dairy prices little changed

By LEE MIELKE
For the Capital Press

Dairy Markets
Lee Mielke



Cash dairy prices were mostly lower in the Good Friday holiday-shortened week, with only butter advancing. The markets had little to chew on in the way of USDA reports.

The Cheddar blocks closed Thursday at \$1.53 per pound, down 1 1/2-cents on the week, unchanged on the month, but a penny above a year ago. The barrels came under pressure as product found its way to Chicago, and dropped to \$1.44, down 7 cents on the week and the lowest since Feb. 15, 2018, down 3 1/4-cents on the month, and 3 cents below a year ago.

The blocks were unchanged Monday but gained 2 cents Tuesday, hitting \$1.55, as traders absorbed the morning's GDT auction and awaited Wednesday's February's Dairy Products report. The barrels inched up a half-cent Monday and stayed there Tuesday, at \$1.4450, increasing the spread to 10 1/2-cents.

Midwestern cheesemakers tell Dairy Market News that demand is moving at steady to increasing levels. Milk intakes continue to be heavily discounted: \$2 to \$5 under class.

Western cheesemakers report that demand has been solid, but the relatively strong orders and ample milk supplies have pressed manufacturers to keep up.

Somebody wanted to buy butter last Wednesday and got it, as 40 loads exchanged hands, with 20 on Thursday. The price closed at \$2.2150, up 2 1/2-cents on the week, up 3 1/2-cents on the month, and 10 3/4-cents above a year ago. A total of 62 cars found new homes last week.

Monday's butter was up a half-cent and ticked up 2 more cents Tuesday, to \$2.24.

FC Stone pointed out in its March 27 Early Morning Update that "historically we've

seen downside following the big demand of Easter, but we'll have to see how pipelines get refilled to make that call this year. In addition, European butter continues to find remarkable support at prices trading north of \$2.80 per pound."

"Central region butter makers report that spot cream is widely available but is uncertain moving ahead, as ice cream makers begin to compete more heavily. The Cold Storage report's monthly and annual storage upticks have some in the industry "concerned."

Churning is ongoing in the West given that more milk loads are available. Export sales were unchanged from the previous week, and market players do not expect any big change in the near future.

Cash Grade A nonfat dry milk saw a Thursday close at 69 cents per pound, down a quarter-cent and 11 cents below a year ago.

The powder was unchanged Monday and Tuesday.

CME dry whey closed Thursday at 28 1/2-cents per pound, down a quarter-cent on the week, with two sales reported. The lagging USDA surveyed whey price was up 2.2 cents, to 26.14 cents per pound.

The whey lost a half-cent Monday and held there Tuesday at 28 cents per pound.

GDT slips

Anhydrous milkfat led the declines while butter jumped in Tuesday's Global Dairy Trade auction. The weighted average of products offered received 0.6 percent lower, following a 1.2 percent drop March 20 and a 0.6 percent slide on March 6. The quantity sold slipped to just under 38 million pounds, down from 41.1 million in the last event.



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