



Happy Spring!

What's New?

UVM Farm Management Educator Whitney Hull just finished her series of Cost of Production (COP) workshops, conducted in conjunction with dairy specialists Glenda Periera, University of Maine, and Sarah Allen, University of New Hampshire. More than 50 dairy producers and service providers from across the region came to learn about calculating their own farm's COP and "break-even" milk prices. All participants left with a better understanding of how it works, the importance of using financial indicators in managing their businesses, and a thumb drive with several tools – both financial and educational – to take with them. Thanks go out to the Tri-State team for organizing these valuable sessions.

Dairy Industry Articles That Matter

Here's an update of factors impacting your dairy income.

The following two articles were written by [Dave Natzke](#) and published in the April edition of Progressive Dairy.

[Economic update: February 2023 DMC payments top \\$122 million.](#) Factoring into dairy feed costs, 2023 dry hay acreage is expected to rebound slightly from last year's 115-year low. [Read More](#)

[Shrinking DMC margin triggers large February indemnity payments.](#) A declining U.S. average milk price and higher average costs for corn and soybean meal drove milk income margins to their lowest level since August 2021. The February 2023 indemnity payments continue what looks to be a lengthy trend, with monthly margins projected to be below \$9 for all months until October. [Read More](#)

Grain Update

This month we will focus on organic grain markets and the general trends and forecasts for the future. We will rotate between organic and conventional grain updates to continue to provide information relevant to Vermont's dairy community.

The price of Organic Corn in VT currently is between \$11-13/bu. (variance due to locale, who is pricing it, etc.).

The price of Organic Soybeans in VT currently is between \$25-27/bu. (variance due to locale, who is pricing it, etc.).

Organic Soybeans were trading north of \$40/bu. in VT a year ago due to a clampdown from our government on the authenticity of some incoming imports. There quickly became a shortage and prices climbed. As things have cooled and opportunities presented themselves in other parts of the world, the importation of Organic Soybeans seems to be now back online, and the price points have therefore declined. We shall see what "new" crop brings but the trend has been a slowly declining price over the past year.

Organic Corn has traded in a far tighter range. With Covid and overall supply chain problems slowly easing, we are seeing again more imports arrive. While this has put some downward pressure on organic corn prices in general, corn will continue to trade in a narrow price range.. With planting intentions starting now in earnest, we will see where harvest prices land but currently a very slightly lower price trend has been in place.

Northeast Production Trends and Price Forecast

March 13, 2023

	COMPONENT PRICES PER POUND			BOSTON PPD/cwt.	BOSTON BLEND PRICE @3.5 bf	Class Price				Class III Futures	Class IV Futures	DMC Margin ¹
	BUTTER		OTHER									
	FAT	PROTEIN	SOLIDS			I	II	III	IV			
MAR-23	\$2.75	\$2.39	\$0.21	\$1.96	\$19.90	\$22.24	\$19.61	\$17.94	\$18.91	\$17.88	\$18.90	\$6.08
APR-23	\$2.67	\$2.34	\$0.22	\$1.92	\$19.51	\$22.14	\$19.19	\$17.59	\$18.49	\$17.80	\$18.80	\$5.98
MAY-23	\$2.64	\$2.41	\$0.21	\$1.96	\$19.57	\$22.12	\$19.27	\$17.62	\$18.44	\$17.90	\$19.05	\$6.62
JUN-23	\$2.56	\$2.62	\$0.21	\$1.62	\$19.60	\$22.21	\$19.27	\$17.98	\$18.44	\$18.36	\$19.28	\$6.72

Source: https://agrimark.coop/PDFs/AM_Weekly_Updates.pdf

Milk Cows and Production - Northeastern States and 24 Selected States: During February 2022 and 2023

[May not add due to rounding]

State	Milk cows ¹		Milk per cow ²		Milk production ²		Change from 2022
	2022	2023	2022	2023	2022	2023	
	<i>(1,000 head)</i>	<i>(1,000 head)</i>	<i>(pounds)</i>	<i>(pounds)</i>	<i>(million pounds)</i>	<i>(million pounds)</i>	<i>(percent)</i>
New York	620	630	1,915	1,940	1,187	1,222	2.9
Pennsylvania	468	466	1,670	1,675	782	781	-0.1
Vermont	119	118	1,660	1,665	198	196	-1.0
24-State Total	8,885	8,939	1,885	1,892	16,750	16,910	1.0

¹ Includes dry cows. Excludes heifers not yet fresh.

² Excludes milk sucked by calves.

Prices Received for All Milk - Northeastern States and United States: January 2023 with Comparisons

[Before deduction for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies]

State	January 2022		December 2022		January 2023	
	Price	Fat test	Price	Fat test	Price	Fat test
	<i>(dollars per cwt)</i>	<i>(percent)</i>	<i>(dollars per cwt)</i>	<i>(percent)</i>	<i>(dollars per cwt)</i>	<i>(percent)</i>
New York	24.70	4.16	24.90	4.17	23.70	4.16
Pennsylvania	24.80	4.13	25.50	4.18	23.90	4.14
Vermont	25.20	4.19	25.40	4.18	24.10	4.18
United States	24.20	4.21	24.70	4.27	23.10	4.23

Milk production in Vermont during February 2023 totaled 196 million pounds, down 1.0 percent from February 2022. The average milk price received by Vermont farmers in January 2023, at \$24.10 per hundredweight, is down \$1.30 from December 2022 and down \$1.10 from January a year ago.

Source: NASS Monthly Milk Production Report-Northeastern Region

National Dairy Outlook

Milk production increased just 0.1% in 2022. USDA is forecasting milk production to increase 0.9% in 2023. This higher increase will put some downward pressure on milk prices. It is not likely milk production will increase more than this. With continued high feed costs, higher cost of other inputs, and lower milk prices dairy producers will face tighter margins in 2023 than 2022. Also, higher slaughter cow prices will likely increase the culling of cows from the herd paired with fewer dairy replacements could actually reduce the average number of cows in 2023. USDA forecasts the average number of cows in 2023 will decline by 10,000 from 2022. High feed prices are likely to dampen the increase in milk per cow.

Barrel cheddar cheese prices have increased steadily from \$1.55 per pound to now \$1.9525 since early March. Forty-pound cheddar blocks pricing moved up and down in March declining to \$1.78 per pound in early March and then up to \$1.99. Where milk prices are headed for the remainder of the year is a big question.

Dairy futures are not the best price forecaster. In early March Class III futures were in the \$17's and low \$18's first half of the year. While Class III was \$17.78 in February, Class III futures through June have increased to the high \$18's. Class III futures were in the \$18's to low \$19's for the second half of the year and have increased to the high \$19's. These current futures are much more optimistic than USDA's latest forecast. USDA Class III forecast is \$18.20 first quarter, \$17.25 second quarter, \$17.35 third quarter, \$17.45 for fourth quarter and averaging \$17.55 for the year compared to \$21.94 for 2022. While neither dairy futures or USDA forecast may end up near what Class III prices will be both are possible.

Source: Dairy Situation and Outlook, Bob Cropp, University of Wisconsin Cooperative Extension

Vermont Dairy Cow Operations by County – 2023

County	Jan.	Feb	Mar	% change prior month
Addison	75	75	75	0.00%
Bennington	7	7	7	0.00%
Caledonia	46	45	44	-2.22%
Chittenden	27	25	24	-4.00%
Essex	9	9	9	0.00%
Franklin	102	102	102	0.00%
Grand Isle	8	8	8	0.00%
Lamoille	23	23	22	-4.35%
Orange	49	48	47	-2.08%
Orleans	82	82	82	0.00%
Rutland	35	35	34	-2.86%
Washington	18	18	18	0.00%
Windham	19	18	18	0.00%
Windsor	19	19	19	0.00%
TOTAL	519	514	509	-1.00%

Ave. # dairy farms-2014 -880, 2015 – 853, 2016 -838, 2017 – 796, 2018 – 725, 2019 – 677, 2020 – 636, 2021 -583 & 2022 – 549

Dairy Cow Farms By Size – Milking cows

	LFO – over 700	MFO – 200 – 699	SFO –under 200	Total
2012	17	145	810	972
2013	17	142	780	939
2014	25	129	726	880
2015	26	127	700	853
2016	27	138	673	838
2017	32	117	250 CSFO -647	796
2018	34	104	273 CSFO - 587	725
2019	33	105	268 CSFO - 539	677
2020	35	100	198 CSFO – 501	636
2021	35	95	216 CSFO - 453	583
2022	35	91	215 CSFO – 424	549

CSFO as of January 31, 2018. Certified Small Farms have 50 - milking cows to 199 cows.