

Dairy Digest

Newsletter of the Arkansas Dairy Improvement Program

Vol. 16, No. 3 June-July 2008

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Short Notes

1. **Visit to New Zealand-type Dairy in Missouri.** A tour of the New Zealand-type dairies in southern Missouri is scheduled for Thursday, July 17, 2008. These dairies are growing in southern Missouri and primarily rely on pasture for nutrients for the cows and utilize minimal grain. Basically, the dairies include a large swing parlor, perhaps a double 40 or 50, with about 350 cows and numerous paddocks for grazing. Two people do most of the work with a manager assisting as needed.

Plans for the trip are not firm but are tentatively set for a 500-cow dairy near Wentworth, MO, owned by Jeff Hayes. A van will leave Conway – probably about 7 a.m. and return about 8 p.m. – going up Hwy. 65. If we have enough

interest, we will arrange for a van from northwest Arkansas.

Contact your county agent by July 5 if you are interested in visiting the dairy.

2. **EQIP signup.** Early indications are that EQIP signup will be by June 20 with rankings done by July 11 and contracts by August 1. We now have a new farm bill, and funds have to be spent or committed before the end of the fiscal year. If you are interested in establishing a grazing program, this is a good opportunity to get cost share. Rules require that a majority of the funds go to livestock projects; so there is a good probability of getting funded. This appears to be an opportunity to get water systems set up for a better grazing distribution.

Milk Stabilization Board Update

The Arkansas Milk Stabilization Board continues to meet monthly. The next meeting is scheduled for June 12 in the board room of the Arkansas Plant Board, Little Rock. The incentives for dairy producers to increase milk production and funding for the incentives are still being discussed. The incentives include (1) a 10 percent investment tax credit on money spent to construct, improve or acquire buildings or equipment for dairy animal housing, feeding, milk production or waste management; (2) production and

quality incentives based on increased milk production above the previous two years with quality incentives for milk below somatic cell count levels of 500,000 and (3) a monthly stabilization payment payable to registered Arkansas milk producers when the monthly average price for milk purchased from Arkansas producers by the Arkansas Dairy Cooperative Association and Dairy Farmers of America falls below 70 percent of the average cost of milk production as determined by USDA/NASS in the

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surrounding states of Missouri, Kentucky and Tennessee. There will be limits of \$50,000 per dairy per year in each of the three categories.

The board will recommend a stabilization assessment on fluid milk consumed and/or milk equivalents for other dairy products to be used to fund the

Arkansas Milk Stabilization Program. A fund balance will be established to accumulate funds in periods when there are no milk stabilization payments. The Arkansas Department of Finance and Administration (DFA) will collect the assessment. Administration of distributions to milk producers will be by the Arkansas Agriculture Department.

DairyMetrics for Arkansas Herds in May 2008

This year was unusual for herds on the Dairy Herd Improvement Association (DHIA) program, as rolling herd average for milk decreased 225 lb to 16,086 lb for all herds and 790 lb to 16,617 lb for Holstein herds. Normally, herds increase each year in herd averages for milk. In part, the decrease in herd average for production may have been related to higher grain prices, although milk prices were also at a record high. For Holstein herds, average fat percentage was 3.4 and average protein percentage was 3.1; herd size averaged 145.9 cows with 89.9 percent in milk on test day. Overall, 35 percent of cows left the Holstein herds; major reasons for leaving the herds were 7.4 percent dying, 5.1 percent for reproduction and 3.1 percent for mastitis. Actual calving interval for Holsteins was 14.6 months, services per pregnancy averaged 2.8 and 27.9 percent of heats were reported as observed. Holstein herd sires were 57.5 percent proven AI bulls, 9.7 percent young AI bulls and 34.3 percent young non-AI bulls.

Financially, the Holstein herds averaged \$11.70 of milk per milking cow, which costs \$4.80/day to feed,

and income-over-feed costs of \$7.00/day for milking cows. Feed costs per cwt of milk were \$8.00, and milk averaged \$19.80/cwt, which was a record high price.

Compared to last year, one of the most significant changes in the parameters is that milk blend price for all breeds had improved to \$19.60, a record high price. Milk price was \$15.45/cwt in 2007, after it had decreased to \$13.14/cwt in 2006 from \$15.69/cwt in 2005 (compared to \$14.91, \$11.98 and \$14.12/cwt in 2002, 2003 and 2004, respectively). This increase in milk prices helped maintain a reasonable daily IOF\$ per cow of \$7.00 compared to \$4.88 in May 2007. Feed costs/cwt of milk increased dramatically this year to \$8.10, compared to the feed costs of a year ago (\$6.83/cwt in 2007 versus \$5.42/cwt in 2006). In 2005 daily IOF\$ was \$5.00 compared to \$5.92 in 2004 (compared to \$5.18, \$3.61 and \$5.07 per day in 2001, 2002 and 2003, respectively). Daily feed costs/milk cow were \$4.59, an increase from \$3.50 in 2006. This compares to daily feed costs/cow of \$2.97 in 2002, \$3.15 in 2003, \$3.24 in 2004 and \$3.28 in 2005.

Table 1. DairyMetrics for Holstein Herds in Arkansas, May 2008

Trait	Number of Herds	Average	Std Dev	Minimum	Maximum
General					
Number of Cows-All Lactation	21	145.9	98.6	40	376
Number of Cows-1st Lactation	21	51.2	47.9	2	161
Number of Cows-2nd Lactation	21	38.4	27.4	9	115
Number of Cows-3rd Lactation	21	56.2	28.9	19	112
Number of Cows-Year Chg %	21	1.4	14.8	-27	27
In Milk on Test Day, %	21	89.9	5.9	78	100
Days in Milk	21	196.8	21.1	168	255
Age of 1st Lactation Cows	21	27.8	2.7	23	34
Cows Left Herd-All Lactation, %	21	35	15	17	74
Cows Left Herd-1st Lactation, %	21	27.2	29.4	2	108
Cows Left Herd-2nd Lactation, %	21	22.2	22.6	1	81
Cows Left Herd-3rd Lactation, %	21	33.4	18.3	5	78
Cows Died-All Lactation, %	21	7.4	4.4	3	18
Cows Died-1st Lactation, %	21	4.4	4.2	0	14
Cows Died-2nd Lactation, %	21	5.5	4.6	0	17
Cows Died-3rd Lactation, %	21	12.4	9.7	2	37
Cows Left Herd for Reproduction-All Lactation, %	21	5.1	4.9	0	18
Cows Left Herd for Reproduction-1st Lactation, %	21	4	5	0	16
Cows Left Herd for Reproduction-2nd Lactation, %	21	4.8	5.4	0	17
Cows Left Herd for Reproduction-3rd Lactation, %	21	6.2	6.7	0	26
Daily Val Prod-Milk Cows	21	11.7	2.3	7.8	16.6
Daily Feed Costs-Milk Cows	16	4.8	1.2	2.5	7.3
Daily Feed Costs/Cwt Milk	16	8	2.1	5.3	12.3
Daily Inc/Feed-Milk Cows	16	7	1.9	3.7	11.5
Milk Blend Price	21	19.6	2.4	17.5	26
Production					
Rolling Milk	21	16,617.3	4,409.6	10,076	24,079
Rolling Milk-Year Change	21	-790.1	1091.6	-2402.5	1418

Trait	Number of Herds	Average	Std Dev	Minimum	Maximum
Production (cont.)					
Rolling Fat	21	586.7	147.5	379	878
Rolling Protein	21	513.7	134.2	292	739
Daily Milk 1-40 D-1st Lactation	17	52.6	9.6	31	70
Daily Milk 1-40 D-2nd Lactation	16	77.4	18.8	39	104
Daily Milk 1-40 D-3rd+ Lactation	14	75.1	19	45	103
Daily Milk-Milk Cows	21	60.4	10.7	45.3	77.8
Daily Milk-All Cows	21	54.5	11.6	39.3	77.8
Daily Fat, %	21	3.4	0.3	3.1	3.9
Daily Protein, %	21	3.1	0.1	2.9	3.4
Summit Milk 1st Lactation	21	56.8	12.8	34	80
Summit Milk 2nd Lactation	21	71.2	16	41	94
Summit Milk 3rd+ Lactation	21	77.2	16.7	52	106
Peak Milk 1st Lactation	20	60.8	14.4	33	86
Peak Milk 2nd Lactation	21	74.9	16.7	42	103
Peak Milk 3rd+ Lactation	21	79.8	17.8	51	108
Projected 305 Day ME Milk	21	19,109.8	4,009.1	12,578	25,664
Standardized 150 Day Milk	21	64.1	11.1	46.1	80.6
Udder Health					
SOMATIC CELL COUNT (X1000) Actual	21	353.4	95.4	188	538
SOMATIC CELL COUNT (X1000) Score	21	3.4	0.5	2.2	4.3
SOMATIC CELL COUNT (X1000) Score for 1st Lactation Cows	21	2.9	0.6	1.6	4.1
SOMATIC CELL COUNT (X1000) Score for 2nd Lactation Cows	21	3.3	0.6	2.3	4.5
SOMATIC CELL COUNT (X1000) Score for 3rd+ Lactation Cows	21	3.7	0.5	2.4	4.8
SOMATIC CELL COUNT (X1000) Score for Cows in Milk 41-99 Days	21	2.8	0.9	1.3	4.4
SOMATIC CELL COUNT (X1000) Score for Cows in Milk 100-199 Days	21	3.1	0.6	1.9	4.2
SOMATIC CELL COUNT (X1000) Score for Cows in Milk 200-305 Days	21	3.6	0.6	2	4.8
SOMATIC CELL COUNT (X1000) Score for Cows in Milk 306+ Days	21	3.9	0.6	2.8	5.2
Cows (SOMATIC CELL COUNT (X1000) of 0-3), %	21	55.8	10.1	35	78
Cows (<41D with SOMATIC CELL COUNT (X1000)>4), %	20	38.7	24.9	0	100
1st Lactation (SOMATIC CELL COUNT (X1000)S of 0-3), %	21	66	14.9	40	100
2nd Lactation (SOMATIC CELL COUNT (X1000)S of 0-3), %	21	57.2	16.1	13	81
3rd Lactation (SOMATIC CELL COUNT (X1000)S of 0-3), %	21	49.6	12.3	26	74
Cows Culled for Mastitis, %	21	3.1	3.3	0	9
Val Prod Lost from SOMATIC CELL COUNT (X1000), %	21	3.1	1.6	0	6
Reproduction					
Pregnancy Rate-Current	18	18.1	7.8	6	34
Pregnancy Rate-Year Ave	14	858	358.4	7	999
Days Open-Proj Min-Total Herd	21	180.1	37.8	134	280
Proj Calving Interval	21	15.1	1.2	13.6	18.4
Actual Calving Interval	21	14.6	1.2	12.6	17.5
Cows Calving-Current Test, %	21	6.6	3.8	0	14
Births 4+ Calving Diff-1st Lactation, %	14	5.1	6.3	0	21
Days Open-Proj Min-1st Lactation	21	200.6	67.1	117	409
Days Open-Proj Min-2nd Lactation	21	177	51.6	98	329
Days Open-Proj Min-3rd+ Lactation	21	173.8	38.6	118	249
Voluntary Waiting Period(VWP)	21	50.5	7.7	40	60
Days to 1st Service-Total Herd	19	102.1	23.2	71	160
Days to 1st Service(%herd <100D)-1st Lactation	18	60.7	24.1	16	96
Days to 1st Service(%herd <100D)-2nd Lactation	19	64.1	22.6	22	94
Days to 1st Service(%herd <100D)-3rd+ Lactation	19	67.7	14.7	48	96
Con Rate for Past 12M-1st Service	21	45.3	24.1	0	95
Con Rate for Past 12M-2nd Service	21	46.5	23.8	0	100
Con Rate for Past 12M-3rd+ Service	21	49	27.3	0	100
Service per Pregnancy-All Lactation	19	2.8	1	1.3	4.8
Heats Observed for Year, %	19	27.9	15.5	2	53
Heats Observed-Last Test, %	18	30.4	20.1	1	63
Abortions in Past Year	21	0.1	0.4	0	2
Calvings in Past Year	21	140.1	89.9	39	357
Dry Less Than 40 Days, %	19	13.9	8.2	3	28
Dry More Than 70 Days, %	21	38.3	14.5	9	55
Genetics					
%ile Rank of Proven AI Bulls	21	40.7	27.1	0	77
%ile Rank of Young AI Bulls	21	28.5	33.6	0	88
Herd Bred to Proven AI Bulls, %	17	57.5	30	0.6	100
Herd Bred to Young AI Bulls, %	21	9.7	13.2	0	36
Herd Bred to Non-AI Bulls, %	21	34.3	37.1	0	100
Net Merit \$ for 1st Lactation Cows	16	110	94	10	381
Net Merit \$ for All Cows	18	57.6	50.7	-38	137
Net Merit \$ for Heifer	18	74.8	72.2	-64	208
Heifers Identified by Sire, %	19	59.7	33.2	0	100
Cows Identified by Sire, %	21	57.7	40	0	100
Replacement/Rate(# heifer/# cows)*100	21	81.3	46.1	0	167
Replacement/Rate(# heifer 0-12 Mo/# cows)*100	21	33.7	17.9	0	63
Replacement/Rate(# heifer 13+ Mo/# cows)*100	21	47.2	32.2	0	135

2007 Northeast Dairy Farm Summary

Highlights of the 2007 Northeast Dairy Farm Summary include:

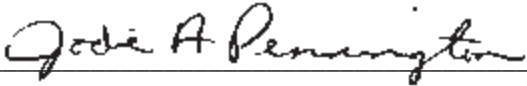
- Net earnings rose to \$908 in 2007, up from minus \$64 per cow in 2006.
- **Farm milk price increased \$6.71 per cwt. to \$20.52.**
- Net cost of production was \$16.30, up from \$14.09 per cwt. in 2006, due to expenses up in nearly all categories.
- Per cow production increased, but by less than 1% (Milk Sold per Cow 21,866 lbs in 2007 versus 21,782 lbs in 2006).
- Cash flow was more than sufficient to meet all financial commitments (e.g., operating expenses, debt repayment, family living and income taxes).
- Borrowed funds decreased to 46.5% of capital purchases.
- Percent net worth increased to 73% and liquidity improved.
- The earnings gap between the Top 25% and Bottom 25% profit groups continues to widen further.
- Among dairy farm businesses that are the most profitable, several different business strategies work well.
- Larger dairy operations have certain advantages, but size is no guarantee of financial success.

CWT Announces Herd Retirement

Cooperatives Working Together has announced that it will conduct its latest herd retirement round. Bids are being accepted starting today through Monday, June 30, with cow removals to start in seven weeks. This is the fifth herd retirement round since CWT

began operations in the summer of 2003. It is the first that will offer bidding producers the option of including all their bred heifers for a flat fee of \$1,050 per animal.

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