

Pulse on Ohio's Dairy Industry

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The economic crunch on Ohio's dairy industry has been overwhelming. The rising costs of production with the decline in milk price created a situation of net loss. This crisis has been compared to the 56-month crisis of 1972-1977 in which both periods experienced extremely high feed prices (A Collapse in Demand Distinguishes the Current Dairy Crisis from the 56-Month Crisis of 1972-1977, Dale Leuck, Dairy Economist, Farm Service Agency). However, the drop in domestic and world demand of dairy products contributed in a major way to the current crisis. Increases in demand of dairy products and decreases in supply of milk would help to bring the price of milk up more rapidly. Although we certainly function within a national and global market, it is interesting to note the changes in Ohio's dairy industry. Year-to-date (as of September) data reveal that the number of cows in Ohio has dropped only by 0.4% (approximately 1,000 cows) compared to 2008, but milk production has increased 0.6%. The mild summer temperatures, good feed supply, and improved management have contributed to this increase. In Figure 1, you will observe the small drop in cow numbers from September 2008 to September 2009. However, it is quite interesting to note the incremental increase in September milk production from 2007 through 2009. The increase in milk yield per cow is even more interesting. In 2007 (47.8 lb/day), many farms in Ohio were using bovine somatotropin (BST). By September 2008, most farms shipping fluid milk had discontinued the use of BST because of the demands placed by processors for non-BST milk. Yet, milk yield per cow increased slightly in September 2008 (48.3 lb/day) compared to September 2007. Milk yield increased to 50.7 lb/day in 2009, a 5% increase compared to the prior year. Our concern has been that with the financial crisis, farmers would be cutting corners too sharp in feeding strategies due to the low cash flow, but milk yield does not reflect that has occurred. In Figure 1, the Ohio average for 593 Holstein herds on DHI was 55.9 lb/day (64.6 lb/day for milking cows), 10% above the average for all cows in Ohio. One of the solid messages is that management strategies to increase efficiency of dairy operations have been invoked and must continue. In general, the fall harvest of forage has resulted in high yields of good quality forage. The next six months will be a critical time for survival of Ohio's dairy farm families. Debt load has continued to increase and in talking to people who have travelled around Ohio, bunkers on some farms were not filled with corn silage this fall. Management of cows, people, and finances will be the focus of those that survive this period of crisis.

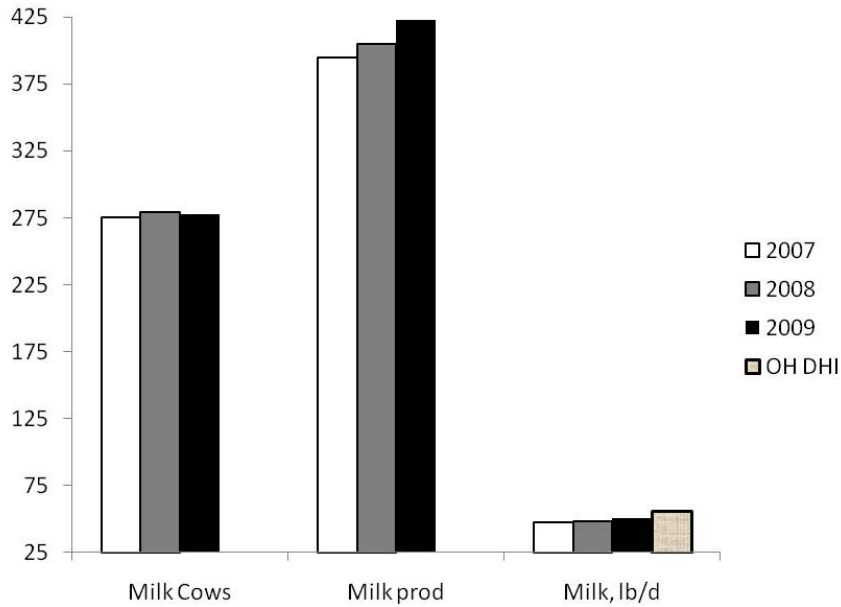


Figure 1. Number of milk cows (x 1000), milk produced (million lb), and milk yield per cow (lb/day) during September 2007, 2008, and 2009 in Ohio, and average milk yield per cow of 593 Ohio Holstein herds on DHI as of October, 2009.