Redesigning Our Dairy Industry

University of Missouri - Grazing Conference
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Rogersville, MO
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The State Of The Industry

• Going through an unprecedented price cycle due to a convergence of factors:
  • Oversupply of milk
  • High input costs
  • Decreased worldwide demand – decreased exports
  • Financial crisis – no credit
U.S. Milk Prices and Costs of Production

Sources: USDA/NASS & USDA/ERS through May-09
From Jun-09 NMPF & CME
Group futures as of 06/02/09

- All-Milk Price
- Feed Costs
- Hired Labor Costs
- Direct Energy Costs
- Other Operating Costs

Graph showing the trends in milk prices and costs from January 2006 to October 2009.
Jan - May 2009 U.S. milk production was 0.4% higher than Jan - May 2008 when adjusted for leap year.
Monthly U.S. All Milk Price

Dollars per Cwt.

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What Is The Industry Doing?

• Short Term?

• Long Term?
Short Term

• Cooperatives Working Together (CWT)
• Dairy Export Incentive Program (DEIP)
• Demand
• Price Support
Long Term

• Dairy Farmers of America, Inc.

• National Milk Producers Federation
DFA Price Stabilization Committee

- Created in May 2009
- Establish guiding principles
  - Market orientated
  - Responsive
  - 100 percent participation
  - Global in nature
  - National in scope, with ability to implement regionally
NMPF Task Force

• Created in June 2009
  – Objective: find a long-term solution to price stabilization
  – Listening sessions scheduled for July 21-22

• Task Force Subcommittee
  – Objective: examine partial herd retirement concepts
What Can You Do To Weather These Cycles In The Future?
I Turned to Grazing...

- Began my intensive grazing operation in 1991
- Partnership with Kent Miller in 2001
- Currently milk 250 cows
- Grassland Consultants 2005
Milk Movement to the Southeast

Due to the deficit milk supply, milk is hauled from all over the country to supply the needs in the Southeast.
Grazing Provides an Opportunity in Many Ways...

- Control of costs
- Quality of Life
- Sustainability
- Environmental issues
- Local milk supply
THANK YOU