

US & Kansas Dairy Industry Trends

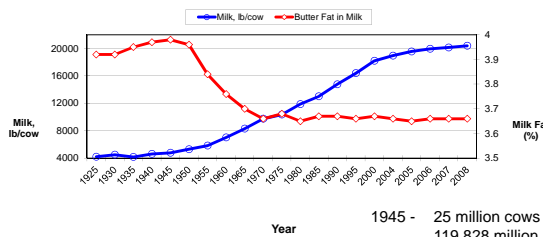
Southwest Extension Update

November 13, 2012

Mike Brouk



Average US Milk Production per Cow and Milk Fat Percent from 1925 to 2011



1945 - 25 million cows
119,828 million lbs

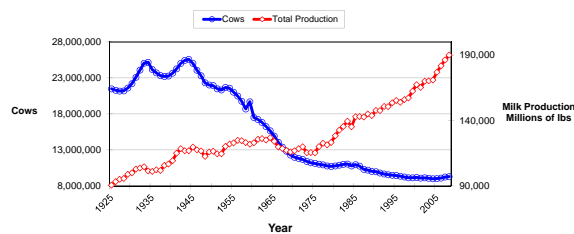
2011 - 9.2 million cows
196,245 million lbs

36.8% of cows = 164% of milk

Compiled from: USDA Statistical Bulletin 303, 430

USDA Statistical Bulletin Entitled Milk: Final Estimates for Various Issues.

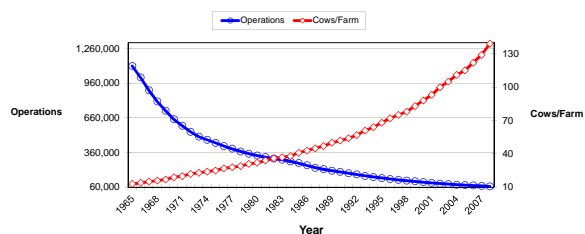
Changes in the Number of US Dairy Cows and Total Milk Production from 1925 to 2011



2011 - 9.2 million dairy cows
196,245 million lbs of milk
21,345 pounds per cow

Compiled from: NASS Quick Stats

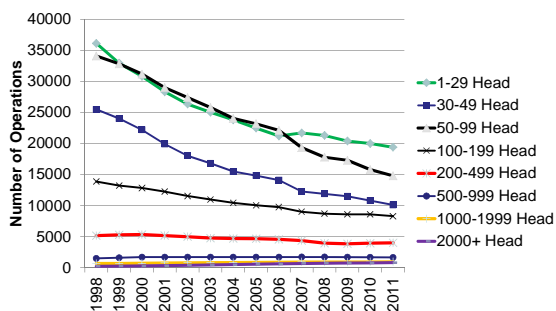
Changes in US Dairy Farm Numbers and Cows per Farm from 1965 to 2011



2011
60,000 dairy farms
153 cows/farm

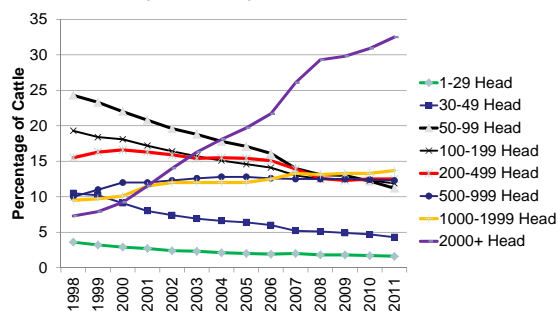
Compiled from: NASS Quick Stats

Trends in Dairy Farm Size



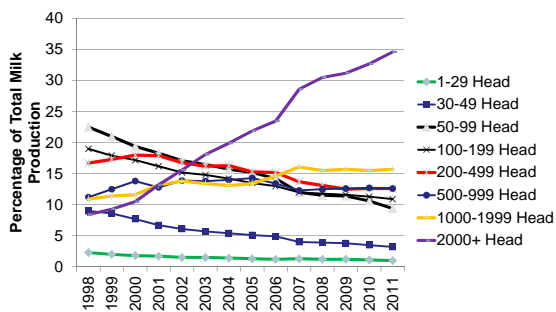
Data Source: NASS – Quick Stats

Trends in Cattle Ownership by Dairy Farm Size



Data Source: NASS – Quick Stats

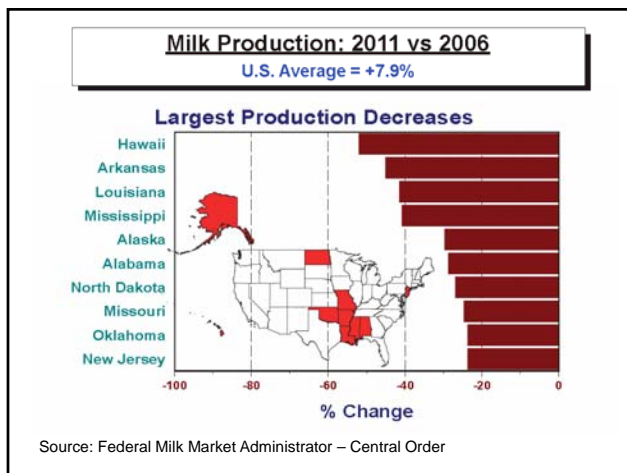
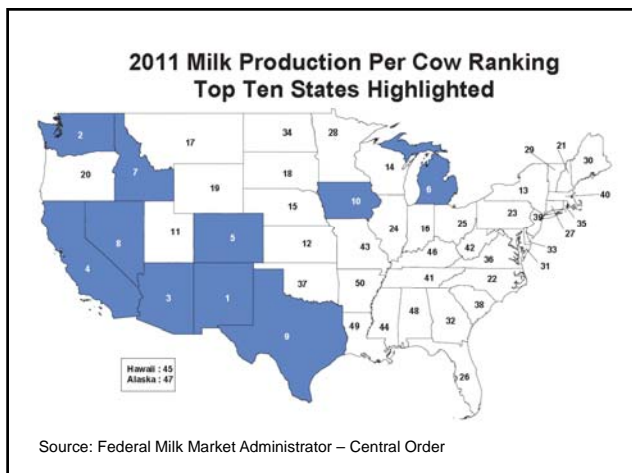
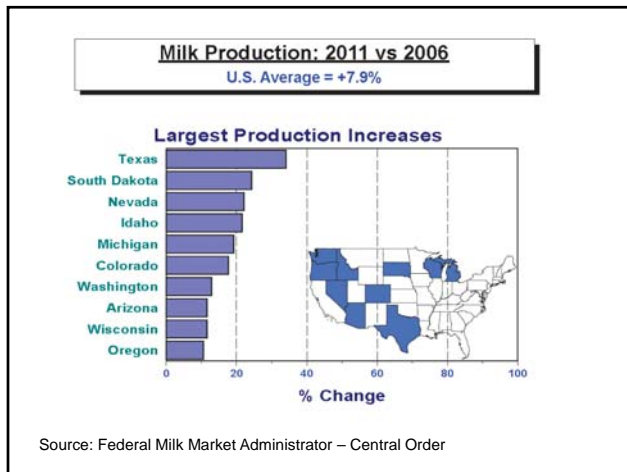
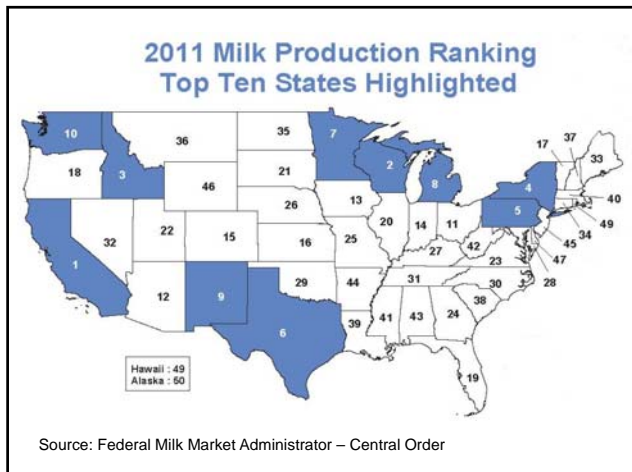
Trends in Milk Production by Dairy Farm Size

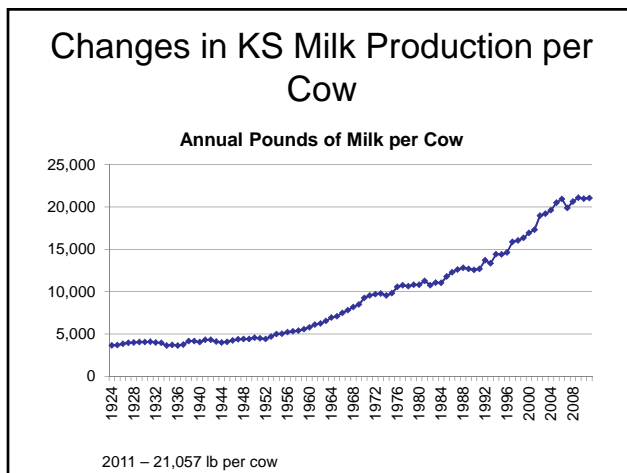
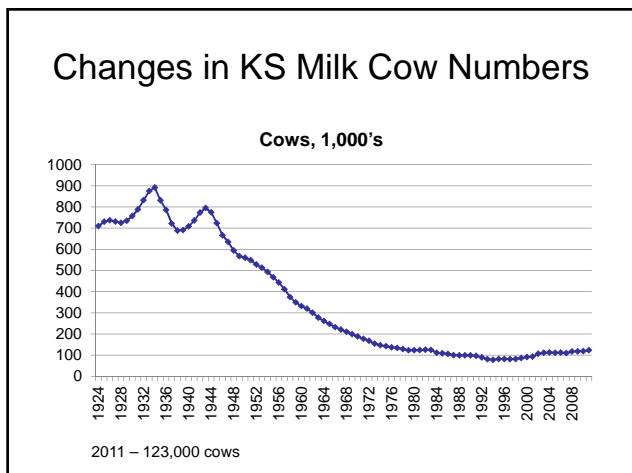
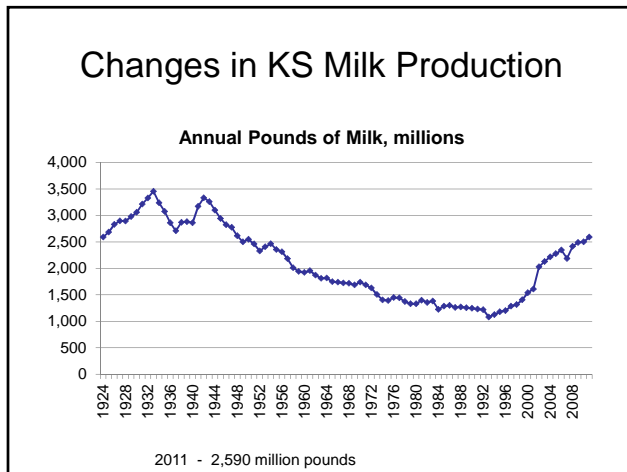
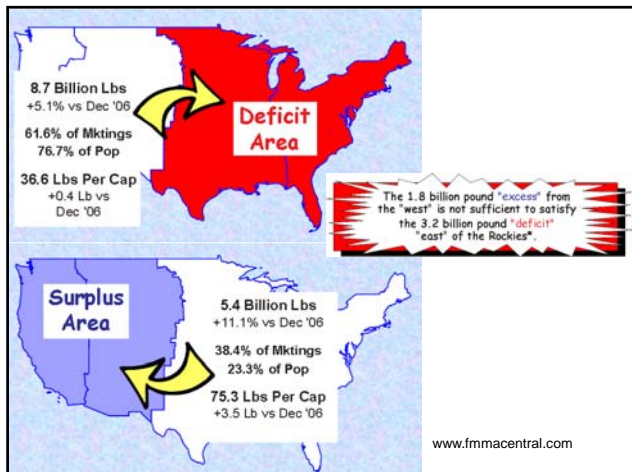


Data Source: NASS – Quick Stats

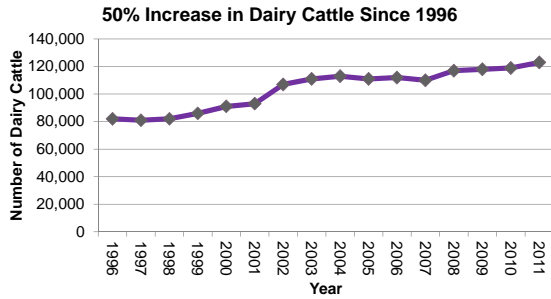
Summary of Operation Size

- **500 - 1,000 Milking Cows**
 - 1,650 farms or 2.8% of operations
 - 12.3% of cattle & 12.6% of milk production
 - **1,000 – 2,000 Milking Cows**
 - 950 farms or 1.6% of operations
 - 13.7% of cattle & 15.7% of milk production
 - **Over 2,000 Milking Cows**
 - 800 farms or 1.3% of operations
 - 32.5% of cattle & 34.6% of production
- 5.7% of operations own 58.5% of cattle and produce 62.9% of the milk**



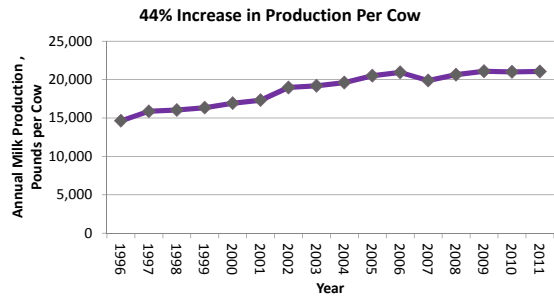


KS Dairy Industry Trends



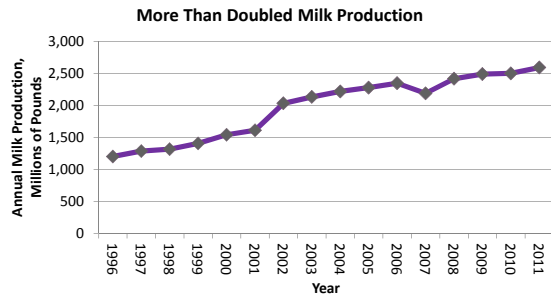
Data Source: NASS Quick Stats

KS Dairy Industry Trends



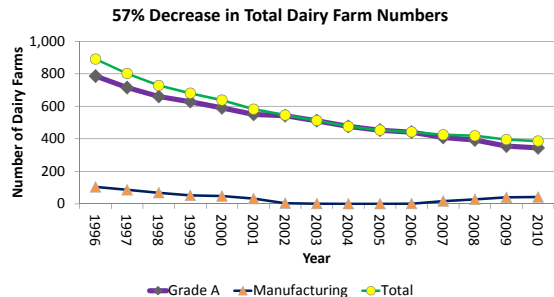
Data Source: NASS Quick Stats

KS Dairy Industry Trends



Data Source: NASS Quick Stats

KS Dairy Industry Trends



Data Source: Kansas Department of Agriculture



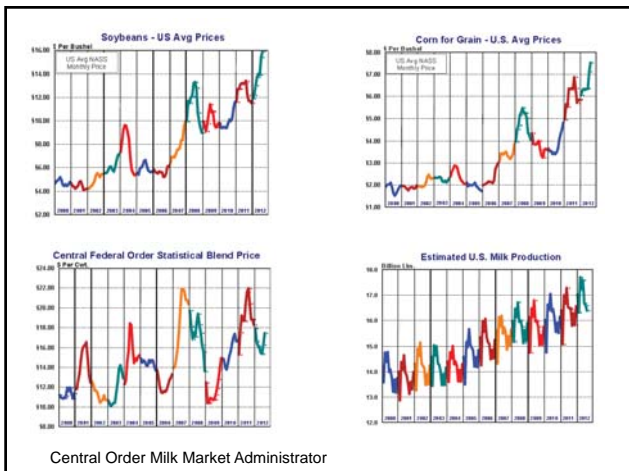
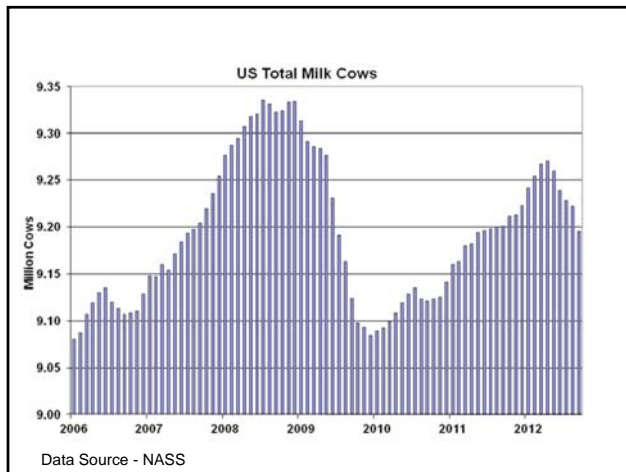
Current Ratio for KS

Prices

- Corn = \$7.50/bu
- Soybean = \$15.00
- Alfalfa Hay = \$250/ton
- Milk = \$20.50/cwt

Calculations

- $FV = 51/56 \times \$7.50 + 8/60 \times \$15.00 + 41/2000 \times \$250 = \$13.96/\text{cwt}$
- $\text{Milk-Feed} = \$20.50 / \$13.96 = 1.47$



Why Dairy in Western KS

- Community Interest and Acceptance
- Resources
 - Land
 - Forages
 - By-products
 - Labor
- Environment
- Workable Nutrient Management Regulations

Annual Economic Impact of a Dairy Cow

• Direct			
– Milk Sales	\$4,600		
– Calf	\$200		
– Cull	\$300		\$5,100
• Indirect			
– Wages, Services			\$2,907
• Induced			
– Employee Purchases, Supply Purchases			\$1,075
• Total			\$9,082

Annual Feed Requirements

- 7.5 tons Corn Silage
- 1.5 tons Alfalfa Hay
- 1.5 tons corn or sorghum
- 0.60 ton of byproducts
- 0.75 ton protein supplements
- 0.4 tons of mineral and vitamins

Impact of 70,000 Cows

• Direct	\$357,000,000
• Indirect	\$203,490,000
• Induced	\$75,250,000
• Total	\$635,740,000

Potential Challenges

- Water
- Milk Marketing
- Labor Sources
- Technical Services

Potential Future Growth

- Increased number of dairy units
- Expansion of current dairies
- Calf and heifer development
- Improved milk production
- Service industries



Opportunities

■ Farm to Table

- **Large Scale**
 - McCarty – Dannon
 - Forget-Me-Not – Dean Foods
 - Milk Concentration
- **Medium Scale**
 - On-farm Processing
 - Hildebrand, Iwig, Wiebe
- **Small Scale**
 - Home Delivery
 - Erlich



Summary

- Positive Growth in KS Dairy Industry
- Challenges
 - Labor
 - Economics
 - Water
 - Marketing Options
 - Feed/Forage
 - Co-Products

