How Does Your Herd Compare?

STATE COLLEGE (Centre Co.) — This data is pulled from Pennsylvania DHIA's mainframe computer each week. It is a one-week summary representing approximately one-fourth of the herds on test, as they are tested monthly.

These data are valuable from a business management standpoint and can be used for comparing your operations to the averages from almost 1,400 herds across the state.

DHIA Averages for all herds processed between 5/08/93 and 5/15/93

Number of Herds Processed	1,084
Number of Cows Processed	64,300
Number of Cows Per Herd	59.3
Milk Per Cow (Lbs)	18,339
%-Fat	3.73
Fat Per Cow (Lbs)	684
%-Protein	3.19
Protein Per Cow (Lbs)	586
Average Days in Milk Per Cow	317
*Value for CWT Milk($)	13.05
*Value for CWT Grain($)	7.77
*Value for CWT Hay($)	4.20
*Value for CWT Silage($)	1.53
*Value for Pasture Per Day($)	.29
*Value for Milk Per Cow Per Year($)	2,393
*Feed Consumed Per Cow Per Year(Lbs)	
A: Grain	7,304
B: Hay	2,265
C: Silage	15,090
D: Day Pasture	64
*Feed Cost Per Cow Per Year($)	
A: Grain	567
B: Hay	95
C: Silage	231
D: Pasture	19
*Total Feed Cost Per Cow Per Year($)	913
*Income Over Feed Costs Per Year($)	1,480
*Grain to Milk Ratio	1:2.5
*Feed Cost Per CWT Milk($)	4.98
Avg Level For 962 SCC Herds	349,805

*Member generated figures

Dairy Production In Constant Flucuation

ROBERT YONKERS
PSU Ag Economist

STATE COLLEGE (Centre Co.) — Dairy producers are increasingly adjusting milk production in response to changes in milk prices.

High milk prices in late 1989 and early 1990 resulted in producers slowing the rate of decline in cow numbers. In fact, cow numbers were even above year-earlier levels for a few months in late 1990.

This pattern repeated itself last year, when 1992 milk prices were well above 1991 levels, and once again the rate of decline in cow numbers slowed considerably.

Meanwhile, changes in output-per-cow appear to be related to more than just milk prices.

A poor forage-growing season clearly contributed to year-over-year declines in milk per cow in late 1989, and slower increases in late 1992. However, low milk prices were probably responsible for the slow growth and even declines in output per cow during most of 1991.

Cow numbers on farms and average output per cow combined add up to total milk production.

It is apparent that the relationship between production and prices has been strong in recent years (See the chart for Year-Over-Year Percent Change In Total Milk Production.).

Year-over-year declines in total milk production during most of 1989 resulted in a close milk supply-demand balance, which lead to stronger milk prices in late 1989 and early 1990.

Dairy producers responded to this market signal by boosting milk production to the point in late 1990 where milk supplies exceeded the demand for dairy products. The result here was the low milk prices during the first half of 1991.

While the milk production increases during mid-1992 almost equalled those of 1990, the rate of growth in milk production slowed late in the year and has remained low in early 1993. So, instead of milk prices dropping like in late 1990 and early 1991 due to supplies exceeding demand, milk buyers have been worried about attracting enough milk to meet their needs this year.

The result has been rapid and large increases in cheese prices (see figure on next page) this spring which have kept milk prices up. But remember, if dairy producers respond to this market signal by increasing milk production later this year to the point where supplies exceed demand, prices could fall just as rapidly. This is why so many in the industry are saying that the key to milk prices in 1993 is milk production.