



As we all know, this year's decline in milk prices has created some tough cash flow challenges. Dairy producers are looking for ways to lower their expenses or increase their milk sales to increase cash flow. One of the ways to increase cash flow is to remain on POSILAC or initiate its use. We would like to share how we are discussing POSILAC use with producers who:

1. Periodically wrestle with the decision to maintain consistent use during periods of low milk price or
2. Are looking for ways to increase their cash flow immediately with additional milk production.

While infrequent, the first group of current users of POSILAC may question if they can cut their use of POSILAC to improve cash flow. We simply advise these producers not to cut expenses that will reduce production and, in turn, reduce cash flow. Data from commercial trials show 98% of producers will continue to generate cash flow and a profitable response for any milk price greater than \$6.80 per hundredweight as illustrated in the table below.

Cash Flow from using POSILAC
(Economics at a 10 pound milk production response)

	10 pounds	140 pounds	1000 pounds
Milk response	10 pounds	140 pounds	1000 pounds
Milk income	\$10/cwt.	\$14.00	\$100.00
POSILAC cost	\$5.20/14 day dose	\$5.20	\$38.00
Feed costs: (4# feed/10# milk)	\$0.07/# dry matter	\$3.92	\$28.00
Labor costs per injection	\$0.28/14-day dose	\$0.28	\$2.00
Total Expenses		<u>\$9.40</u>	<u>\$68.00</u>
Cash Flow	Income — expenses	<u>\$4.60</u>	<u>\$32.00/day</u>
Cost of production of additional milk	POSILAC + Feed+ Labor	\$38 + \$28 + \$2 = \$68/1000 pounds \$6.80/100 pounds of milk (cwt)	

Both the first and second groups of dairy producers can successfully add almost \$1000 of cash flow per month for every 100 supplemented cows to their business by producing additional milk at a cost \$6.80/cwt. Milk would have to drop below \$7.00 mail box price before use of POSILAC would no longer cash flow.

To generate increase cash flow on your dairy, we encourage you to cut expenses that don't lower production.

Respectfully,

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