Dairy Profitability: A recap of the January 2019 Meeting

Earlier in December, MVS sponsored Steve Bodart, Senior Dairy Consultant for Compeer Financial, to discuss the current state of dairy profitability and outlooks for the future. His first point was that herd size is a poor predictor of profitability. He surprised the crowd with his statement that Wisconsin dairy producers receive a higher milk price than their Midwestern neighbors, while enjoying lower shipping costs as well.

Compeer and Zoetis reviewed data from 500 farms to identify factors highly correlated to farm profitability. The three best predictors of high profitability were 21 day pregnancy rate, pounds of ECM sold per cow per day, and heifer survival rate. Three predictors of poor profitability were death loss, SCC, and net herd replacement cost.

Steve said that during low milk prices, the tendency was to cut feed costs since they comprise the highest cost of production on the farm. However if you're not looking at ECM pounds/cow/day and remove the wrong additives to the feed, you may suffer a greater loss in income than was saved by input reduction.

In conclusion, Steve outlayed the following factors as integral in generating more profit:

- Milk production, as correlated to ECM is the most important factor.
- SCC is associated with all major profit centers.
- 21 day pregnancy rate is related to profitability.
- Replacement costs are expensive- thus it is extremely important to keep old cows milking.
- Overall herd health and death loss.
- Feed costs outweigh labor costs

We would like to thank Steve for reminding us what to focus on as profit centers for our dairies. The information and follow-up discussion were particularly interesting and timely during the current stretch of lower milk prices.