

Zwick Center for Food and Resource Policy

Outreach Report No. 62

**Connecticut Milk Cost of Production Estimates
for Quarter 3 (July, August, September) 2019**

Prepared for Bryan Hurlburt, Commissioner, Connecticut Department of Agriculture
Prepared by Kimberly Rollins, Department Head and Professor and Zwick Center Director
Alyssa McDonnell and Elaine Tantalo, Research Assistants
Department of Agricultural and Resource Economics
University of Connecticut
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Charles J. Zwick Center for Food and Resource Policy
Department of Agricultural and Resource Economics
College of Agriculture and Natural Resources
1376 Storrs Road, Unit 4021
Storrs, CT 06269-4021

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In the third quarter of 2019, milk prices for Connecticut farmers rose to \$18.76/cwt, \$1.05/cwt higher than in the previous quarter. Over the same period, the cost of production rose to \$33.97/cwt, \$1.27 higher than in the previous quarter. The increase in cost of production was driven by an increase in the cost of purchased feed per hundredweight of milk, which rose by \$0.32/cwt, and by an increase in the cost of hired labor, which rose by \$0.19/cwt. The monthly average shortfall—the minimum sustainable cost minus the price—was \$9.10/cwt, showing no change from the previous quarter (when not rounded to the nearest tenth, there was a less than 1 percent difference from the previous quarter). This shortfall represents a substantial burden to milk producers. Thus, we see a need for continuing payments in the future to Connecticut dairy farmers under Public Act 09-229.

Looking ahead, national milk prices are expected to remain rise slightly in 2020, in part due to reduced global production and an increase in expected exports on a skim-solids basis. Feed prices are expected to remain high. Given the large shortfall for Connecticut dairy producers, the minimum sustainable cost of milk production should continue to greatly exceed the price of milk throughout 2019. Given these expectations about the national dairy market and input prices, it is expected that Connecticut dairy farmers would face additional financial pressure in the absence of payments under Public Act 09-229.

2019 Connecticut Milk Cost of Production Estimates, Statistical Uniform Price, and Application of Public Act 09-229

	July	August	September	Quarter 3 Average
	Dollars per Hundredweight			
Total Cost of Production				
Connecticut	\$34.43	\$33.71	\$33.77	\$33.97
Minimum Sustainable Cost of Production				
Connecticut	\$28.23	\$27.64	\$27.69	\$27.86
Statistical Uniform Price				
Hartford, CT	\$18.73	\$18.87	\$18.68	\$18.76
Minimum Sustainable Cost of Production Minus Statistical Uniform Price				
Connecticut	\$9.50	\$8.77	\$9.01	\$9.10

Source: 2012 CT DFBS Survey with annual updates. Minimum Sustainable Cost of Production is 82% of the Total Cost of Production. Statistical Uniform Price is from the USDA Federal Milk Order No. 1 (<http://www.fmmone.com>). Values rounded to nearest cent per hundredweight.

For details on the methodology used, please see Zwick Center Research Report No. 1 available at: http://zwickcenter.uconn.edu/outreach-presentations_4_2016452852.pdf

Please contact Prof. Kimberly Rollins at kimberly.rollins@uconn.edu or (860) 486-4394 with questions.