Zwick Center for Food and Resource Policy

Outreach Report No. 83

Connecticut Milk Cost of Production Estimates

for Quarter 4 (October, November, December) 2024

Prepared for Bryan Hurlburt, Commissioner, Connecticut Department of Agriculture
Prepared by Kimberly Rollins, Department Head and Professor and Zwick Center Director
Isabella Lawless, Undergraduate Research Assistant
Department of Agricultural and Resource Economics
University of Connecticut
February 7, 2025

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

Connecticut Milk Cost of Production Estimates for Quarter 4 (October, November, December) 2024

Kimberly Rollins, and Isabella Lawless
February 7, 2025

This quarterly report was prepared with data from the USDA Economic Research Service, the cost of dairy model at UConn's Zwick Center, and market analysis from the USDA February Dairy Outlook (link below). In the fourth quarter of 2024, milk prices for Connecticut farmers decreased to $22.52/cwt, $0.20/cwt lower than in the previous quarter. Over the same period, the cost of production decreased to $37.69/cwt, $0.16 lower than in the previous quarter. The monthly average shortfall - the minimum sustainable cost minus the price was $8.38/cwt, a .80% increase from the previous quarter. This difference was most significantly driven by a decrease in cost of purchased feed. This shortfall remains a substantial burden to producers. We thus see a need for continuing payments to Connecticut dairy farmers under Public Act 09-229.

Looking ahead, USDA ERS January Dairy Outlook reports national milk prices are expected to increase slightly in the first quarter of 2025 *Livestock, Dairy, and Poultry Outlook).* This is in part due to anticipated decreases in milk production from decreased average number of cows and production per cow *(Livestock, Dairy, and Poultry Outlook).* Despite higher projected milk prices, the minimum sustainable cost of milk production should continue to exceed the price of milk throughout 2025. Connecticut dairy farmers will face additional financial pressure in the absence of Public Act 09-229 payments.

2024 Connecticut Milk Cost of Production Estimates, Statistical Uniform Price, and Application of Public Act 09-229

	October	November	December	Quarter 4 Average
	Dollars per Hundredweight			
Total Cost of Production				
Connecticut	$38.55	$37.52	$36.99	$37.69
Minimum Sustainable Cost of Production				
Connecticut	$31.61	$30.77	$30.33	$30.90
Statistical Uniform Price				
Hartford, CT	$22.83	$22.37	$22.37	$22.52
Minimum Sustainable Cost of Production Minus Statistical Uniform Price				
Connecticut	$8.78	$8.40	$7.96	$8.38

References:

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.

U.S. Department of Agriculture, Economic Research Service. (2024). Livestock, dairy, and poultry outlook: January 2025 (Report No. LDP-M-367).

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.