



## Global milk prices lower than in 2009

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The price of milk in the global market has been decreasing substantially during the last year. The last bid from Global Dairy Trade resulted in a price for whole-milk powder

equal to \$1,590 per metric ton. This price is 13 percent lower than the minimum price for whole-milk powder reported by Global Dairy Trade in 2009 (\$1,829/ton; **Figure 1**).



**Figure 1.** Evolution of the price of whole-milk powder at Global Dairy Trade since 2008.

This difficult scenario is not new to most dairy farmers, and hopefully different management measures have been considered for this scenario. In March of 2015, different management strategies were discussed at

the Area Dairy Conference. Some of these strategies included:

- Where are you standing? Overall, you have to know where you are standing.

Analyze the strengths and the weaknesses for your dairy farm. Know your goals and your needs. Remember that WHAT YOU WANT MIGHT NOT BE WHAT YOU NEED.

- Analyze and Prioritize. When you make a decision, be certain that it has the right impact. As an example, do not think that changing a few points of crude protein in your milk replacer you will solve your financial issues.
- Monitor income over feed costs. Income over feed costs is the portion of income from milk sold that remains after paying for purchased feed and farm-raised feeds used to produce milk. Income over feed costs should be estimated on both an individual-cow and whole herd basis.
- Analyze IOFC before drying off cows. Remember that feeding dry cows costs money, and there is no immediate return. Therefore, the income over feed costs can be more negative than keeping the cow milking, even if that milk does not pay the feed costs. It is just a matter of analyzing the data.
- Be efficient. In these bad scenarios you need to be the sharpest manager possible. Do not waste feed. Do not waste semen. Minimize the amount of unsalable milk. Take good care of your cows, especially close-up and fresh cows. We do not know how long this bad scenario will last. So keeping the “factory” working should be a priority.
- Interact with you suppliers. Have a good and frequent communication with your feed and semen providers and with your lenders. Share your immediate needs. Good communication is critical in these scenarios.
- Monitor your financials. Very likely you may need to use some reserves (liquidity) or borrow money. By all means, do not spend money on long-term investments. Budget your forages and your cash flow. Know those periods of major needs.
- Look for support. Rely on the Virginia Cooperative Extension service. A network of agents and specialists can advise on how to perform most of these tasks.