NATIONAL AND REGIONAL DAIRY TRENDS AND IMPACTS OF FEED PRICES

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Since 2009 the dairy industry in the US and to some extent internationally has weathered the "Perfect Storm", an expression that describes an event where a rare combination of circumstances will aggravate a situation drastically. The term is also used to describe an actual phenomenon that happens to occur in such a confluence, resulting in an event of unusual magnitude (Wikipedia). The individual phenomena in this case were a confluence of low milk prices, high feed costs, economic collapse, drought in the Midwest drifting into the Southwest, in addition to a failing political support system(s) to establish or maintain a market system which provides incentives to curtail unbridled growth in the industry while providing an adequate safety net for milkprices and which in addition values milk for the first pound produced and not the last, and which furthermore doesn't discriminate against size of production. This perfect storm has impacted producers in different regional dairy production areas of the US at different levels, which has subsequently had additional ripple effects for the allied industry. Since feed costs are the largest driver for profitability in relation to milkprices, any factor impacting feed costs or ration composition is going to have serious impacts on the bottom-line of dairy producers and the farmers they purchase feed from. This intricate network of "whack-a-moll" has become even more complicated because the traditionally domestic dairy market is no longer protected from global influences and has become a serious game of "whack-a-dairyman"! It is probably fair to say that the US dairy industry is undergoing a re-organization at a scale and a level it has never encountered before in recent history, and even though many factors are still not written in stone, there are several indicators that shed a little light on the picture and the direction the industry is heading. In this presentation we will try to do a Cow Side Investigation and dig thru the left over rubble from Cowtrina and see what lessons can be learned from the past four years and what this means for US dairy producers and crop farmers going into 2014.

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