

The Milkweed



Dairy's best information and insights

Issue No. 538 • June 2024

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“Float like a butterfly,
sting like a bee.”

— Muhammad Ali

U.S. Butter Prices Holding, NFDM Rises, Cheddar Slips after Run-Up

by Pete Hardin

Strategically forecasting and managing dairy commodities right now is a tricky game, played amid changing realities. Dairy marketers' crystal balls must factor in several unknowns, including:

- Tighter farm milk supplies. High cull cow prices, scarce replacement heifers, and the past year-plus of frustrating farm milk prices will all depress coming months' milk output in the United States. (Don't bet on the USDA's recent forecast that boosted milk production through the end of fiscal 2024 and for all of 2025 above prior estimates.)

- Continued high interest rates, relative to recent years' low costs for borrowed money. [Holding inventories at current interest costs is more expensive than in prior years. Some dairy firms (and their lenders) are nervous about holding inventories, given costs for interest and cold/frozen storage.]

- Inflationary pressures are weighing heavily on many consumers' food budgets. [Retail dairy sales compete for tight food dollars as food inflation shows little signs of easing. Troubling signs continue, such as higher credit card debt and defaults on credit card obligations, as well as increased food products' theft from stores. (About one year ago, it was estimated that about four percent of cheese was lost to retail theft.)

- Higher prices for milk fat. In early June, U.S. butter prices were bouncing around a bit above \$3.00/lb. That's 55 to 60 cents per pound higher than this time last year. Amid a global shortage of butter and milk fat, Dairy Market News' June 7, 2024 International Markets analysis reported big jumps in the high end of butter price surveys for both Oceania and Western Europe. As of 6/7/24, the high end of Oceania's butter prices was \$3.4369/lb., while Western Europe's peak hit \$3.3667/lb. That most recent, high-end Oceania price represented a jump of 24.95 cents/lb. in just two weeks. And the Western Europe high-end butter price climbed 16.8 cents per pound in just two weeks since DMN's prior International Markets survey. (Foreign prices cited are for 82-score butter. The U.S. butter standard is 80% milk fat content.)

Throw into the mix other factors such as the potential negative impact of H5N1 avian influenza on both milk supplies and consumers' confidence in dairy products' safety; the likelihood of continued, adverse weather events; and uncertainties about the U.S. economy.

Dairy has volatile, uncharted challenges ahead ... all of which weigh on dairy marketers' decisions to process farm milk, hold inventories, set consumer prices ... and, in wiser moments, pray for some semblance of stability.

Here's our review of the events involving the major dairy commodities ...

Cheddar/Cheese: At the Chicago Mercantile Exchange (CME), prices for both block and barrel Cheddar spiked in recent weeks, and then slid backwards. At press time (June 12), CME block Cheddar

finished trading at \$1.9375/lb. That same day, 500-lb. Cheddar barrels closed at \$2.0100/lb. Behind the up-and-down commodity price gyrations lies the stark fact that for 2024's first four months, U.S. Cheddar production – 1.308 billion lbs. — fell 6.7% below 2023's January-April period.

April's Cheddar volume totaled 322.3 million lbs. (-8.6% below April 2023's figure). At 845 million lbs., USDA's April 30, 2024 Cold Storage Report figure for Natural American Cheese (which includes Cheddar) was basically unchanged as of April 30, 2024.

Rebounding **Mozzarella** production through 2024's first four months is perhaps dairy's best news. In 2023, Mozzarella production was disappointingly flat (-0.1%). April 2024 saw U.S. cheese plants pro-

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Wild Swings (Up & Down) for Recent Dairy Data

by Pete Hardin

Dairy is deluged with numbers detailing trends that range over milk production, dairy processing, and consumer demand.

Usually, dairy's monthly data is ho-hum ... gains or declines of a percentage point or two, compared to the prior month, or the same month, one year ago.

But lately, we are seeing some truly wild swings in dairy data that reflect evolving changes in the industry.

- **For April 2024, U.S. cottage cheese production climbed 27.6% above April 2023's total.** Never, in the nearly 50-year history of *The Milkweed*, have we witnessed a mainstream, consumer dairy product's production rocket like that over year-ago numbers. What's happening? Younger generations are discovering cottage cheese's taste, versatility, and quality protein at an affordable price. (See article, page 3 of this issue.)

- **New Mexico's April 2024 milk production fell 17.3% below April 2023's total.** Why? That state's dairy production is in free-fall, due to multiple factors. The major dairy co-ops (Dairy Farmers

of America and Select Milk Producers) have been bleeding members' milk checks for years with excessive marketing deductions. Several recent years of severe drought have rendered local feed resources scarce and expensive – factors pushing out some farmers. Also, a couple years ago, a big payout to Select Milk Producers' members from that co-op's sale of its portion of the fairlife beverage business to partner Coca-Cola convinced some producers to take the money and quit milking cows. (The approximate payout to Select members from the fairlife sale is rumored at around \$0.89/cwt. for seven years' worth of milk production. That money was to be paid in three “tranches” – installments. Payout of the second and third installments was delayed.)

Sources report cash-strapped New Mexico producers' dairy cows' body condition scores are abysmal – a result of inadequate milk checks and feed materials. In April, USDA reported that New Mexico had 235,000 milk cows. That's a drop of 45,000 head (-12.5%) in just one year. Fewer cows. Thinner cows. Less milk. Fewer dairy producers. That's those co-ops' legacy in New Mexico.

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Avian Influenza Spreading in Bovines & Humans

by Pete Hardin

The U.S. dairy industry is snared in an ongoing science experiment that features few rules and an ever-mutating foe. That evolving science experiment – avian influenza infections in dairy cows – must be taken very, very seriously.

During the past month, avian influenza infections have been confirmed in seven dozen dairy herds in 11 states. To date, three dairy farm workers have been infected. “Confirmed” is a key word here.

That's because it's widely rumored that numerous dairy farm operators suspecting bird flu infections may be present in their milking herds are strategically **not** testing their bovines. Positive bird flu infections in dairy cattle must be reported to government officials by veterinarians.

Further, untold thousands of dairy farm employees milking cows do not want to be tested, as recommended by federal health authorities. Why? About half of all immigrant farm workers in the United States are undocumented, including many immigrant dairy farm employees. They are reluctant to be involved with any government officials, fearing deportation.

Milk from cows infected with avian influenza H5N1 is heavily laden with the live virus. Commercial pasteurization kills the bird flu virus. But some common creatures that consumed raw milk from infected cows have died or were seriously impaired. Example: a 50% death rate occurred in an experiment where cats were fed raw milk samples containing the live bird flu virus.

Virologists have long known that influenza viruses may originate in birds or mammals, and ultimately be transferred to humans. That's why human health researchers track emerging viruses in China, trying to estimate which viruses to protect against when developing annual flu vaccines. The current, mutated variant of avian influenza is dubbed “H5N1.” That virus has passed from bird-to-bird, bird-to-mammals (sea lions, seals, and dairy cows), cow-to-cow, cow-to-feline, and cow-to-human. At press time, three dairy farm workers have been confirmed with avian influenza. Two suffered infections similar to “pink eye.” The third developed a respiratory infection.

Important to emphasize: At this time, federal

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Recommended Decision in FMMO Hearing Due Around July 1

by Pete Hardin

The wide-ranging national hearing on federal milk order revisions started last August in Carmel, Indiana and concluded in late January 2024. Several recesses were necessary, prolonging that event's duration even beyond the nit-picking questions and cross-examinations from lawyers intent on keeping their meters running.

Up next for that formal hearing process: USDA's Agricultural Marketing Service is due to issue its Recommended Decision on specific proposals by right around July 1, 2024. At that time, the dairy industry will get a good idea about which pricing policies will likely be adopted as rules at some future date. The Recommended Decision will spark a chorus of cheers and boos.

Leading up to the Recommended Decision, USDA had issued a transcript of the hearing and sought corrections to that document and post-hearing briefs.

The Milkweed purposefully avoided covering the FMMO hearing, due to a scarcity of time and the inability to watch prolonged arguing among lawyers and economists. We'll refrain from prediction on what will emerge from the Recommended Decision, except to note it's likely that the "higher" of the advance Class III or Class IV prices will be restored as the Class I monthly skim milk base price; that additional increases in regional Class I prices are likely not to be granted; and that revised "make-allowances" for manufacturing Class milk will be far closer to those recommended by the National Milk Producers Federation (NMPF) than by the dairy processors'

lobby – the International Dairy Foods Assn. (IDFA). Subsequent events may override some aspects of the FMMO hearing. For example, the House Agriculture Committee's dairy proposals restore the "higher of" Class I base. That's easiest, since the 2018 federal farm law shifted the Class I base calculation away from the "higher of" figure. That move – lobbied for by NMPF and IDFA – has cost 2018 dairy farmers over \$1 billion in revenue.

Also, the House ag committee's farm bill dairy proposals specify a regularized system for updating "make-allowances." A change in federal law would

pre-empt any changes from the FMMO hearing process.

Finally, it's worth mentioning that the process revising federal milk orders — once seemingly near completion – could be upended by legal challenges. Early in the hearing process, Chip English, representing the Milk Innovation Group, threatened to sue the AMS for failing to include a proposal originally put forth by his clients on Class I pricing. Right or otherwise, Mr. English may keep the meter running overtime.

If cows knew what was done regarding their milk once it left the farm, they'd suffer letdown problems.

USDA Raises FY '24 & '25 Milk Production Estimates

During the first week of May, the USDA's monthly supply-demand estimates raised projected milk production, above prior estimates, for the remainder of fiscal 2024 and 2025. (The federal fiscal year concludes on September 30.) More milk cows and higher production per cow were the factors boosting those estimates of higher national milk output. (*The Milkweed* puzzles what these economists were smoking prior to hashing out this analysis.)

For 2024, USDA increased its milk output by 1 billion lbs. – up to 227.3 billion lbs. – by 9/30/24. That's a 900 million lb. gain over last year's total. And 2025's milk volume nationally is projected to be 229.3 billion lbs. – 2 billion lbs. more than 2024's projected total.

Among other dairy forecasts issued in early May:

- Fiscal 2024's average price for Cheddar

cheese will be \$1.69/lb.

- Dry whey is expected to average 40 cents/lb.
- Butter prices will average \$2.9350/lb.
- Nonfat dry milk prices will average \$1.16/lb.

Price-wise, USDA now projects that in fiscal 2024 Class III (cheese) milk prices will average \$16.75/cwt., while Class IV (butter-powder) prices will average \$20.25/cwt. Those prices are for farm milk testing 3.5% milk fat.

Say WHAT???

The Milkweed categorically dismisses these early May estimates by USDA as too high on milk production and too low on dairy commodity prices (except perhaps for dry whey). Milk production has declined every month but one since July 2023. Scarcity of replacement dairy heifers, in tandem with high beef prices, will knock down milk production in 2024 and 2025.

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Wild Swings (Up & Down) for Recent Dairy Data, con't

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April 2024 U.S. Cheddar cheese production declined 8.6%, compared to April 2023's total. That sharp monthly decline extends 2024's steep downtrend. For this year's first four months, U.S. Cheddar production is down about 94 million lbs. (-6.7%). Industry sources attribute some of that decline to reduced milk production in certain states west of the Mississippi River (such as New Mexico). Fortunately, Mozzarella production is strong so far in 2024 – up 66 million lbs. for January-April (+4.3%).

6/8/24: Dairy Market News reports top end of Oceania's butter price range spikes to \$3.43 per pound. Every two weeks, USDA's Dairy Market News reports International Dairy Market news and price ranges for basic commodities. In DMN's latest weekly issue (June 8, 2024 — Volume 91, Report 23), the price range of commodity butter in Oceania was \$6,825 to \$7,757 per metric ton. That

high-end price equals \$3.43/lb. – up about 24 cents in just two weeks.

Meanwhile, the butter price range in Western Europe was reported at \$6,575 to \$7,425 per metric ton. (Per pound, that's a range of \$2.9832 to \$3.3689 per pound.) Just two weeks prior, Dairy Market News listed the Western Europe price range for butter at \$6,350 to \$7,050. The June 8, 2024 DMN high end for Western European butter thus climbed 17.02 cents per pound from the figure reported two weeks ago.

(Important to note: Oceania and EU butter conform to the global standard: 82% milk fat. The standard fat content for U.S. butter is 80%.)

This nation's dairy industry is blessed with detailed data – public and private — perhaps more so than any other major industry in the United States. Our numbers merit close scrutiny to help perceive significant trends. Some of the recent data changes are huge.

May '24 Class III Price Leaps to \$18.55/Cwt.

Following spikes in Cheddar prices that started in April, the May 2024 Class III (cheese) milk price took a significant upwards jump in USDA's federal milk order program.

At \$18.55 for Grade A farm milk testing 3.5% butterfat, the May Class III represented a \$3.05/cwt. jump over April's cheese milk price.

Meanwhile the Class II (cultured products) and Class IV (butter-powder)) prices advanced modestly for May. The Class II price was \$21.50/cwt. (+\$0.27). And the Class IV price for May was \$20.50 (+\$0.39).

During the past couple weeks, Cheddar cheese prices – especially for 40-lb. Blocks – have scaled back a bit after a run-up in daily cash-market trading at the Chicago Mercantile Exchange. At this time, the net impact of Cheddar price volatility makes it difficult to project June 2024's Class III movement.

To calculate the monthly manufacturing milk prices, USDA economists rely upon monthly averages of weekly surveys for volumes and prices of manufacturers' sales of certain dairy commodities:

Cheddar cheese, Grade A butter, Grade A nonfat dry milk, and dry whey. Those monthly average sales prices (per pound) are plugged into complex formulas and then computers spit out the end-results.

For May 2024, the USDA used these product values for determining the manufacturing Class milk prices:

- Butterfat** \$3.4636/lb.
- Protein** \$1.7349/lb.
- Nonfat solids** \$0.9647/lb.
- Other solids** \$0.2181/lb.

Ahead? Butter prices are currently floating just above \$3.00/lb. at the CME. Some analysts see U.S. butter peaking above last year's all-time high of \$3.5025/lb. Note: The high end of the Western Europe butter market reported by Dairy Market News on June 7 was around \$3.43/lb. The world is very scarce when it comes to butter supplies, a savvy marketer reports.

Nonfat dry milk prices are finally getting some better legs, after a long, long time.

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PRICES PER POUND	April '24	May '24	April-May Difference
Butter	\$2.9220	\$3.0316	+10.96¢/lb.
Nonfat Dry Milk	\$1.1506	\$1.1422	-0.84¢/lb.
Cheddar Cheese	\$1.5478	\$1.8706	+32.28¢/lb.
Dry Whey	\$0.4289	\$0.4108	-1.81¢/lb.

Amazing! April '24 Cottage Cheese Production Climbs 27.6%

by Pete Hardin

Never before has a consumer dairy product enjoyed greater production growth in a single month – compared to that same month, one year prior – than cottage cheese’s spectacular 27.6% increase during April 2024. Unbelievable.

USDA’s June 5, 2024 Dairy Products Report showed April 2024 total cottage cheese output at 68,451,000 lbs. USDA’s data reports two categories for cottage cheese: cream cottage cheese (full fat) and lowfat cottage cheese. For April 2024, cream cottage cheese output was 35,842,000 lbs. (+25.6%), while lowfat cottage cheese volume totaled 32,609,000 lbs. (+29.9%).

Combined, the two cottage cheese categories grew by 27.6% last April.

April 2024’s big gains in cottage cheese are consumer-driven, continuing stunning growth witnessed in 2023. Last year those two combined categories registered an annual 9.4% gain over 2022’s figure. For some reason, lowfat cottage cheese production skyrocketed starting in May 2023. For 2023’s first four months, lowfat cottage cheese volume featured three straight negative months vs. 2022 (February through April) and only a 0.7% gain over year-ago totals. But May 2023 saw cottage cheese explode: lowfat volume climbed 17.3% over May ‘23, while cream cottage cheese saw a 20.7% jump compared to same-month, year-ago numbers.

For 2024’s first four months, total cottage cheese production rose just over 15%.

No longer “old folks” fare!

Why are cottage cheese sales booming?

That question merits deeper investigation than this month’s schedule allows. Until recently, the image of cottage cheese was as an “old folks’ food.” But that’s changing. Industry sources note that younger generations have discovered cottage cheese’s many merits. Those merits include: high-protein content, versatility (enjoyable at any meal or as a snack), reasonably priced, and quick to prepare (to meet today’s fast-paced lifestyles).

Recent data shows that lunchtime sales at restaurants and fast-food chains have declined. Cottage cheese is emerging as an easy protein source for lunches eaten at home or on the job — requiring virtually no prep time.

Some credit for cottage cheese’s new-found popularity is due to a series of TikTok videos generated by the dairy checkoff programs. A few years ago, Feta cheese took a big jump in popularity thanks

to a pasta recipe featuring Feta & cherry tomatoes that went wild on internet websites. (The dairy checkoff was not responsible for the Feta boom.)

Alternate uses for cottage cheese are emerging. Popular recipe ideas are promoting pureed cottage cheese as a healthier substitute for mayonnaise in meal preparations. Very recently, *The Milkweed* was alerted to an emerging trend among food processors: using dried cottage cheese as an ingredient in processed foods. We hope to learn more about this application.

Yields about 15 lbs./cwt.

In the vat, cottage cheese yields are about 15 lbs. per hundredweight of farm milk. However, recent years’ increases in the protein and milk fat content of farm milk in the United States may boost those cottage cheese yields in the vat. For production of lowfat cottage cheese varieties (2% or 1%), yields may be stretched by adding nonfat dry milk to the vat.

(Editor’s note: In our kitchen, the preferred brand of cottage cheese is Prairie Farm’s 2%. Unlike many competitors, Prairie Farm’s cottage cheese products are less salty tasting. Daisy Brand, LLC’s cottage cheese is a close second.)

Yogurt & Ice Cream Production Do Well in April

April production numbers show excellent performance by both yogurt and ice cream.

Yogurt production – both plain and flavored — in April totaled 412.4 million lbs. That was a 10.9% gain over April 2023’s total. For this year’s first four months, U.S. yogurt volume is 1.634 billion lbs. – a respectable 4.2% increase over year-ago.

Regular hard ice cream production also spiked in April: 64.8 million gallons (+7.3%). That heavy output lifted January-April ‘24 ice cream volume to 237.8 million lbs. (+1.4%). One explanation for April’s strong ice cream volume is that manufacturers were probably front-loading inventories, as they anticipate even higher costs for cream in coming months.

Feds Throwing \$\$\$ at Dairy’s Avian Influenza Problem

During May, the federal government committed slightly over \$1 billion to address numerous aspects of the H5N1 avian influenza infections in U.S. dairy herds.

On May 10, the USDA announced a \$98 million investment for programs to try to curb the spread of the avian influenza. Included in this funding package are: providing funds for purchase of personal protective gear, biosecurity planning, waste milk heat treatments, covering costs for veterinary services and milk testing, and paying farm employees for participating in studies. Additionally, the Department of Health and Human Services will infuse \$101 million into dairy for testing and treatment. And the Food and Drug Administration is investing \$8 million for testing the commercial milk supply.

Three weeks later, on May 30, the USDA dramatically upped the ante for combating H5N1: shifting \$824 million in funding from the Commodity

Credit Corporation to the Animal and Plant Health Inspection Service (APHIS).

That massive \$824 million investment will cover many programs, including: working with state agencies to quickly identify infections in dairy herds, testing programs for dairy cattle prior to moving them from current premises, developing vaccines, and on and on. This funding will help start what’s called a Voluntary H5N1 Dairy Herd Status Pilot Program. Dairy producers may voluntarily enroll to have their herds tested to confirm they are free of H5N1. Then, mandatory weekly testing of milk samples will continue surveillance for herds free of H5N1. This program will apparently allow movement of H5N1-free herds inter-state. Problem: Many dairy operators do not want to test their herds. The best laid plans of scientists and virologists may not be effective due to recalcitrant dairy farmers who do not want involvement with government programs. This situation sounds a lot like Covid-19 mask mandates

Shopping for Personal Protection Equipment???

by Pete Hardin

As the H5N1 avian influenza outbreak spreads across dairy, federal officials recommend that dairy industry employees whose duties expose them to raw milk should wear personal protective equipment (PPE). Such employees include those milking cows, milk haulers, and dairy processing plant employees who come in contact with raw milk.

To date, three dairy farm employees have confirmed cases of avian influenza.

Dairy is an immense industry. On a daily basis, it’s easy to imagine PPE needs for tens of thousands of individuals employed by the dairy industry if PPE recommendations were closely followed. Some employers and employees may follow PPE recommendations, others will not.

Where to purchase PPE items? Nelson Jameson (Marshfield, Wisconsin) supplies a full array of products used by dairy and food processing firms – from cheese cultures to laboratory testing equipment. Nelson Jameson offers a complete line of PPE equipment: disposable coveralls, N95 respirators, protection for head, eye and face, gloves and footwear. Contact information for Nelson Jameson is:

Website:

www.nelsonjameson.com

Telephone: 800-826-8302

To view the specific list of Nelson Jameson’s PPE products, go to:

<https://nelsonjameson.com/blog/post/prevent-the-spread-of-avian-flu-h5n1-with-safety-and-sanitation-products>

Important to note: Many of the PPEs are multi-service. But the coveralls are not. Coveralls are single-use items, and should be disposed of after one use. That means when ordering PPE coveralls, one set of PPE coveralls will serve one worker per day.

Footwear is sold separately from the PPE suits. If properly sanitized, footwear may be used multiple times.

Avian Influenza Spreading in Bovines & Humans, con’t

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health authorities deem as “low risk” the chance that people will get sick from consuming pasteurized dairy products. Pasteurization – i.e., heat-treating raw milk to kill potentially harmful or quality-impairing “bugs” – renders inert the avian influenza virus in raw milk. To date, no samples of pasteurized milk have yielded the presence of live H5N1 virus. Despite specific concerns about humans consuming raw milk, neither the federal Food and Drug Administration (FDA), nor individual states (where raw milk consumption is legal), have specifically banned the sale and consumption of raw milk.

Since late March 2024, when federal officials first acknowledged the avian influenza infections in milk cows, federal and state governments have issued a variety of guidelines. Individual states have enacted their own rules, sometimes more specific than federal guidelines. Not only are multiple agencies piling on rules atop rules, but those guidelines and rules may change at any instant. Individual dairy farmers are wisest to stay in touch with their consulting veterinarians and state animal health officials for updates.

Michigan is the state that’s enacted some of the most complex rules for dairy farms. Many of those rules were detailed in last month’s issue of *The Milkweed*. Perhaps Michigan’s cautions are appropriate. Industry sources explain that Michigan’s historic battle with an in-state problem of bovine tuberculosis (which spread to the wild deer herd) basically limited opportunities for Michigan dairy producers to move dairy animals out of state. Unfortunately, Michigan has become a hotbed for emerging bird flu infections in milking herds since early April.

So far, federal agencies have pledged over one billion dollars to help combat dairy’s H5N1 challenges. But some governmental recommendations and efforts to try to keep the spread of avian influenza in check are far fetched ... or downright impractical.

Example: the feds are recommending that dairy industry personnel exposed to raw milk wear hazmat protective gear. That impossible, impractical recommendation is extended to dairy farm personnel milking cows, to milk haulers, and to dairy plant employees working near raw milk.

FDA Raw Milk Cautions

Finally ... on June 6, the federal Food and Drug Administration (FDA) issues some cautionary advice on raw milk consumption, in response to the avian influenza infections in some dairy herds.

FDA’s belated wisdom ... coming about two months after determinations that milk from cows with the H5N1 bird flu was laden with live virus ... is that consuming raw milk represents an avenue of exposure to the public. FDA communicated in a letter to states that “... we do not know at this time if the HPAI H5N1 virus can be transmitted to humans through consumption of raw milk and products made from raw milk from infected cows ...” That letter noted that three dairy farm workers had been infected by the virus.

Important to note: the FDA bans interstate shipment of raw milk, but has no regulatory authority over intrastate raw milk policies. But the FDA can, and does, make certain recommendations. Individual states regulate raw milk, with a multitude of rules. Some states allow raw milk sales; other states ban sales.

The FDA’s June 6 communication:

- Create a surveillance program for H5N1 for dairy farms that may be selling raw milk to consumers. States that enact such monitoring should share their results with other regulatory agencies.

- Distribute messages to the public warning about potential dangers of consuming raw milk. Cheeses made from raw milk must be withheld from human consumption for a minimum of 60 days.

- Oversee dairy herds for potential infections.

Genetically-Engineered Crops May Intensify Soil Loss & Climate Change

by Paris Reidhead

What I find strangely ironic is that learned faculty members – tenured at my alma mater, Cornell University – preached that using synthetic growth hormones will increase milk production per cow, thus reducing the number of ruminant animals needed to meet the nation’s milk requirement. A smaller national dairy herd does mean less methane being belched and otherwise emitted. What these scientists conveniently ignored is that most of these dairy mega-farms employ anaerobic manure systems, which arguably are some of the planet’s biggest emitters of the dangerous greenhouse gas (GHG), methane.

Likewise, a non-government organization ... called Cornell Alliance for Science (CAS)... sings the praises of genetically modified (GE) crops. This group claims that GE crops can reduce GHG emissions, such as those caused by driving tractors, tilling soil, applying fertilizer or pesticides. In its simplest form, genetic engineering fights insects and/or weeds. First off, crops can be genetically-engineered (GE) to resist harmful insects by incorporating a protein from insect-killing bacteria. These are commonly referred to as “Bt crops,” because proteins from *Bacillus thuringiensis* (*Bt*), a soil bacterium, have been added to them.

Slightly over one billion acres of the world’s farmland grows crops that incorporate Bt in their “body” tissues, according to CAS. But CAS fails to mention that because of this general shotgun approach to insect pest control, many six-legged pest species have developed resistance to this GE control, the same way they became resistant to more classic chemical insecticides.

Praising GE crops’ tolerance

Secondly, CAS and other GE enthusiasts brag about how crops genetically modified to survive herbicide applications reduce greenhouse gas emissions. Planting herbicide-tolerant crops “allows optimal production — the ability to manage crops for other variables, knowing that they’re not going to be overwhelmed by weeds,” said David Baltensperger, head of the department of soil and crop sciences at Texas A&M University. He continues, saying that these weed-killer-tolerant crops result in fewer herbicide applications and less tilling. Tilling breaks up weeds’ destructive root systems. But it also releases greenhouse gases from the turned soil into the atmosphere, as do the tractors used for tilling. His argument is that herbicide-tolerant crops require less tilling, so there’s less greenhouse gas emitted. In actual practice weed populations make their own counter-move.

The sorest thumb in the weed scientist academic community is Palmer’s amaranth. But it’s only one of 48 major weed species that are now resistant to glyphosate (Roundup herbicide). In the abstract of his paper titled “History and Outlook for Glyphosate-Resistant (GR) Crops”, Jerry M. Green, PhD. (*et al*) wrote: “Today, glyphosate-based crop systems are still mainstays of weed management, but they cannot keep up with the capacity of weeds to evolve resistance. Growers desperately need new technologies, but no replacement herbicide technology with the impact of glyphosate and GR crops is on the horizon. Although the expansion of GR crop traits is possible into new geographic areas and crops such as wheat and sugarcane and could have high value, **the Roundup Ready® revolution is over.**” (Emphasis added.)

Here are two websites with more information on the subject:

<https://uk.usembassy.gov/genetically-engineered-crops-can-slow-climate-change-heres-how/>
<https://pubmed.ncbi.nlm.nih.gov/34109481/>

Meanwhile, commercial plant breeder scientists keep genetically modifying corn, soybean, and cotton to incorporate as many as four new “plant protection” traits into their man-made genotype (called “stacking”). In 2020, 82% of America’s cornfields and 88% of U.S. cotton fields were planted with these GE crops, resulting in fewer herbicide applications and less tilling, according to the USDA. The net “benefit” to growers is that they are enabled to plant more and more summer annuals, and increasingly fewer perennial sod crops.

This situation raises the question: how have the soils in America’s Heartland benefited from all this biotechnology with its accompanying absence of perennials? An answer to this question can be found at the rest area (on I-80) near Casey, Iowa. Stoppers-by there see an interesting display in front of the building about Iowa agriculture and the amount of soil loss that has occurred. According to this display, the average depth of topsoil in the year 1850 across Iowa was 14 inches. In 1900 it had decreased to 11.5 inches. After another 50 years it had dropped to 8.5 inches, and in the 50 years from 1950 to 2000 it had decreased another three inches to 5.5 inches.” Assuming average of 5% organic matter in those lost soils, it’s easy to calculate how much carbon was liberated as GHGs over time into the atmosphere... and that’s just one Corn Belt state!!

Here’s additional breakdown on Iowa’s report card (showing biggest crops, abstracted from USDA NASS data, reflecting the 2023 harvest): Total acreage harvested (rounded to the nearest thousand) was 23,615,000 acres. Of that total, 54.6% was in grain corn, 40.8% was in soybean, 4.4% was in perennial hay sod crops, and 0.2% was in oats. Hay and oats, with their fibrous root systems, build soils (annual oats not as much as perennial hays). Corn and soybean account for 95.4% of Iowa’s cropland, and with their non-fibrous root systems, are responsible for most of the soil loss cited above and posted on the I-80 rest stop sign mentioned earlier.

On May 11, 2023, Karen P. Stillerman, writing for the Union of Concerned Scientists (UCS) blog, penned an article titled “Illinois Dust Storm Disaster is a Warning for Agriculture.” She wrote that on May 1, 2023, on I-55, a freak dust storm caused a series of massive vehicle pileups, killing several people, injuring dozens more. According to Illinois State Police, the mishap was caused by “excessive winds blowing dirt from farm fields across the highway leading to zero visibility.” Quoting Stillerman, “News reports noted that dust storms are rare in Illinois, but drier, hotter conditions in many farming communities could make such events more frequent and deadly. This disaster should serve as a sobering reminder that policymakers and the agriculture industry need to do more to adapt to our changing climate.”

Stillerman noted that a devastating dust storm is just one of many bad outcomes possible when increasingly severe weather interacts with an ag system that disrespects its soil. Although few notice it, erosion and soil degradation caused by industrial agriculture already exist in farming regions across the country. In a 2020 report, UCS pointed out that U.S. croplands lose at least twice as much soil to erosion as the Great Plains lost annually during the peak of the Dust Bowl.

Using recent estimates from the USDA, UCS projected that croplands would lose an additional 28 billion tons of soil by 2035 and 148 billion tons by 2100 – about 300 years’ worth at the rate at which soil naturally forms. As climate change continues and farming areas get hotter and drier – as expected in the Southern Great Plains and Southwest – erosion could increasingly take the form of dust storms when bone-dry fields are plowed. In Illinois and the rest of the Corn Belt, weather patterns may ricochet between wet and dry extremes. Quoting Stillerman: “Farmers can adopt science-based practices such as planting cover crops in the off-season, reducing or avoiding tillage (plowing), diversifying crops to incorporate more deep-rooted perennial plants that hold soil in place and preventing livestock from overgrazing. These practices build up soil health, so less of it blows away or runs off. It’s a win-win for farmers and communities.”

Parting shots ...

I contend that the use of GE crops has enabled producers to abuse soils to a much greater extent, than was the case during the pre-biotech era. Soil destruction in America’s Heartland has chased particulates into the Gulf of Mexico (increasing that water body’s “dead zone”). It has also chased immeasurably huge masses of greenhouse gases CO2 and methane into the atmosphere. A function of weeds, just like pain, is pointing out a problem. Using chemicals to squelch the weeds, as well as the pain, treats the symptoms of the problem, not the problem itself.

Wheat Prices Collapse in Early June; Exports Boost Corn

by Jan Shepel

As the first week of June concluded, July 2024 wheat futures fell a whopping 51 cents per bushel — to \$6.28. July corn contracts lost 2 cents a bushel, to \$4.49. July soybeans dropped 26 cents to \$11.80 a bushel.

Corn prices were helped by news that South Korea was buying U.S. corn out of the Gulf of Mexico on June 6. That boosted corn’s export picture, which had been modestly improving for a week. The South Korean move raised corn export sales to 46 million bushels for the week ending June 7.

Despite that recent favorable news for on corn exports, analysts said that old crop carry-outs and the overall yield perspective – the Corn Belt is nearly all planted – paint an overall bearish picture ahead for the corn market.

Also in export news, Asian grain traders report that the U.S. share of China’s soybean trade will probably keep declining. Back in 2009, the United States supplied China with 51% of its soybean needs; by last year the U.S. share had dropped under 25%. U.S.-China trade and geopolitical tensions continue rising. Trump-era tariffs are being mimicked by the Biden administration. In response, China is sourcing more soybeans from South America.

China has also reduced its soybean needs through a combination of more efficient feed usage and a smaller national hog herd. China is also growing more soybeans domestically.

Grain experts note that rising interest rates increase costs of doing business for commodity importers and exporters. Grain traders have started to make smaller deals. This strategy spreads out risks, as traders weigh deals in a global commodity market burdened with growing inventories.

In the wheat market, Turkey just announced plans to stop wheat imports from June through October 2024, instead relying on domestic supplies. That move is bearish for global wheat.

Despite some good export news during June’s first week, U.S. exports for corn and soybeans are lagging behind normal volumes. Soybeans’ export bookings are currently half last year’s volume. Much of that decline results from China’s shifting purchase habits. The USDA notes there are some sales to “unknown” buyers; some traders believe a chunk of those sales are China-bound.

China’s diminished demand for U.S. soybeans extends to new crop corn. But other buyers are taking up that slack. Mexico’s purchases are up over 6 million metric tons from last year. Total demand from buyers other than China is up 14% as 2024 approaches midpoint.

Commodity analyst Elaine Kub noted that wheat exports are the most sensitive grain commodity when it comes to strength of the U.S. dollar. The dollar strengthened in recent weeks. That reality, coupled with Turkey’s announcement on halting wheat imports, slammed the wheat market simultaneously. The investment funds have exited some of their wheat positions, creating some of the downward price momentum witnessed Monday to Wednesday (June 3-5) — before better news of export sales hit the market. Another bearish factor is that some U.S. spring wheat is almost ready to harvest, Kub added.

On the bullish side for wheat: dry conditions in Russia, where a lot of global wheat is sourced globally. Kub’s comments came on the Iowa Public Televisions program “Market to Market”. To see full episodes – iowapbs.org/shows/mtom.

She noted that the market doesn’t really care how quickly U.S. farmers are getting their corn planted because it doesn’t really affect the overall yield in the fall or the price. “Don’t get bullish based on late planting,” Kub advised.

Disappointing export sales was the theme of the week for soybeans. But domestically soybean crush spreads are good; Kub doesn’t think the market is going to fall apart. “Fundamentally I think they’re fairly well supported,” she said. “I don’t think they’re going to fall out of bed.”

R-CALF CEO Questions Wisdom & Economics of Beef Imports

by Jan Shepel

Bill Bullard, CEO of the cattle producers' group called R-CALF USA, contends that the U.S. cattle industry under-produces for the domestic market: We don't have enough cattle to satisfy America's demand for beef. "And yet our industry has bought into the counterintuitive argument that imports and exports are the deciding factor in producer profitability.

"If imports aren't a problem, then what is?" Bullard asks rhetorically. That's a \$60 million question. Why is the United States losing so many cattle farmers and ranchers and so many mother cows at the same time the industry is making strides in producing more with less, improving quality and increasing exports.

He compares where the beef industry was in 1994, when the North American Free Trade Agreement (NAFTA) was signed and 2022, when census of agriculture data was published. Beef growers have increased carcass weights by 17% — producing more beef with fewer cattle. In addition, the U.S. population has increased almost 27% — meaning there are many more beef-eating Americans.

Domestic beef consumption has increased by 12% in those years and beef demand overall has increased 4%. Consumers continue to show willingness to pay more for beef, with all-fresh retail beef prices rising 175%. Consumers paid \$2.65 per pound on average in 1994 and \$7.30 a pound in 2022.

The volume of cattle and beef exports has increased an impressive 81% and the total value of those exports jumped 305% during the era of NAFTA and globalization to the present day. The per-pound value of exports jumped 124% from \$1.54 per pound in 1994 to \$3.45 per pound in 2022.

"With all these gains you'd expect that U.S. cattle farmers and ranchers have been both profitable and prosperous over the past 28 years, but that's not what happened," he puzzles.

Since the signing of NAFTA, over 280,000 U.S. cattle farmers and ranchers exited the industry — a nearly one-third decline; the U.S. beef cow herd was reduced by 4.6 million mother cows, representing a 13% decline in cattle inventories.

Meanwhile, while domestic production increased 17%, the volume of imported cattle and beef increased 26%, Bullard said. The volume of cattle and beef imports to the United States was over 4 billion pounds in 2022.

Using an industry-recognized conversions factor of 592 pounds of beef to equal one live animal — that amount of imported beef is the equivalent of nearly 6.8 million head of cattle. "So that means that the 4.6 million mother cows removed from our herd since the NAFTA era were replaced by the equivalent of nearly 6.8 million head of imported cattle in 2022. One year later, in 2023, imported cattle and beef hit an all-time, record high.

"Why isn't anyone from our conventional cattle and beef organizations evaluating the extent to which imported live cattle and imported beef might be reducing profitable opportunities for U.S. cattle producers? If imports are not a contributor to the ongoing shrinking of our U.S. cattle industry, then what is?" he asks.

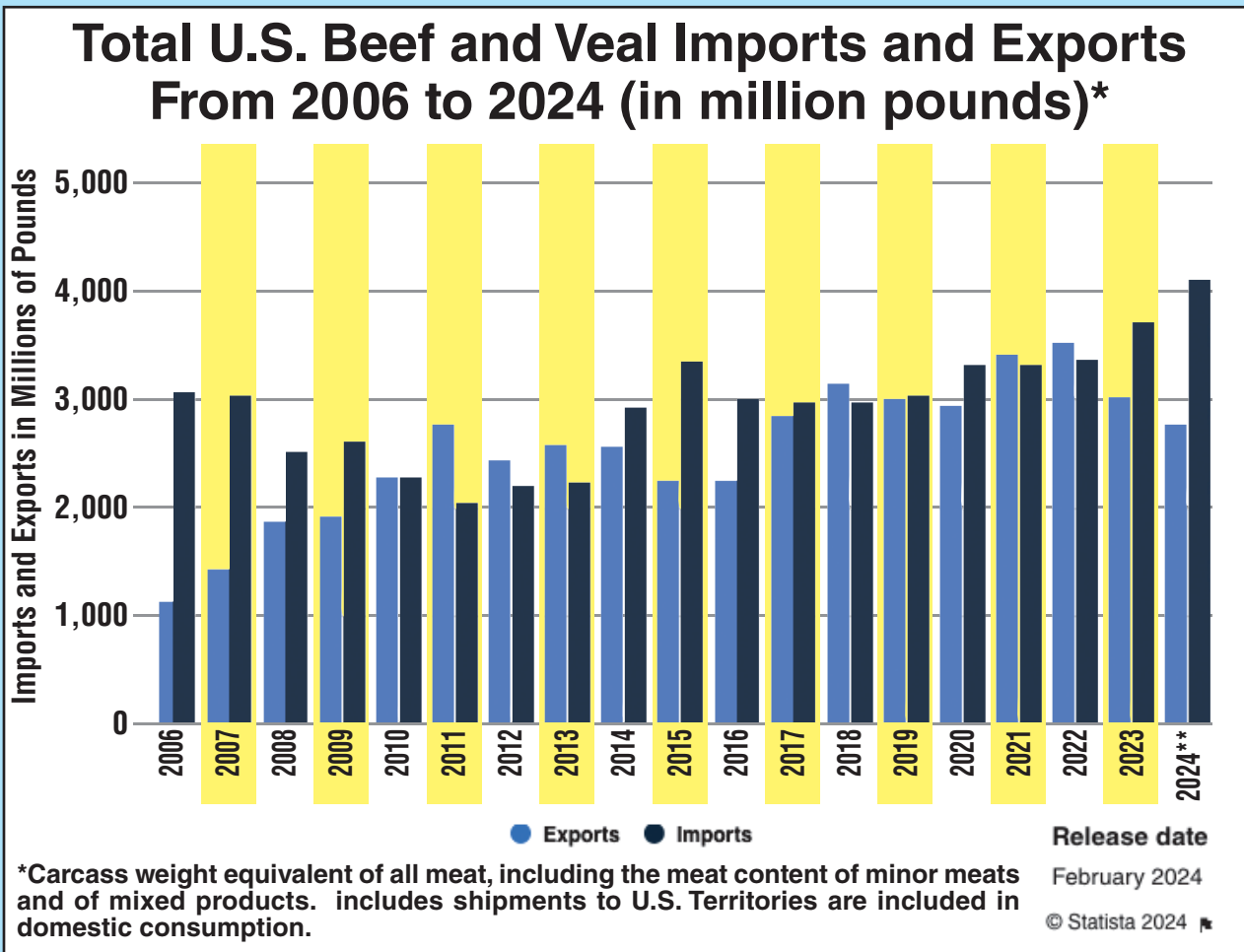
The forecast for total amount of beef and veal to be exported this year is about 2.8 billion pounds. (The category is listed statistically as beef and veal in USDA numbers.) This year's total amount of imports is estimated at 4.1 billion lbs.

Imports from Australia are up 66% and from New Zealand up 33%. Canada was again the top supplier of beef to the United States, accounting for 27% of imports. Australia was back to the number-two spot this year, increasing to a share of 18% of U.S. beef imports.

USDA statistics published by the Agricultural Marketing Service for the end of May 2024 show the largest imports from Canada, Australia and New Zealand. No imported meat from Paraguay was "passed for entry" into the United States.

Certain products

Cattle producers are told, Bullard says, that the United States needs to import a lean grinding product to mix with our higher-quality "trim" to produce ground beef. The cattle growers are also told that exports are needed to sell higher quality cuts that command higher prices abroad than what we can sell them



for domestically — and that's how exports add value to every head of cattle sold in the United States.

He points out that about 50% of beef product imports brought into the United States comprise frozen and fresh or chilled boneless beef and we buy it for about \$5,760 per metric ton — which is about \$2.61 per pound.

About 60% of U.S. beef product exports are frozen and fresh or chilled boneless beef that we sell for \$8,866 per metric ton — about \$4.02 per pound. Bullard's conclusion: the No. 1 and No. 2 U.S. beef exports are the same type of beef product as our No. 1 and No. 2 imports, but our exports of that same type of product command about \$1.41 per pound more than our imports.

He compares this to the import and export of beef tongues. In 2023 the United States imported about 3.1 million pounds of beef tongues at a total cost of \$12.846 million. "Then the United States turned around and exported 17.585 million pounds of tongues and sold them for over \$85 million," he said.

The importers and exporters — who for the most part are one and the same, he said — are following the essential rule of retail, which is to buy low and sell high. "Our Beef Checkoff Program tells us that U.S. beef is coveted the world over and that U.S. tongues command a higher price abroad but we know that the U.S. produces more tongues than we can use domestically. So why do we import more tongues?" he asks.

"The answer is obvious — the U.S. beef packer can sell tongues in the world market for more than it costs them to import. They're buying low and selling high."

He said the industry should really try to find out if U.S. beef packers are doing the same thing with frozen, fresh or chilled boneless beef — the country's most voluminous imported and exported product. Bringing in cheaper beef and then turning around and exporting it for higher prices means that U.S. beef producers can't take advantage of the best supply and demand situation.

The No. 1 beef import product around the world last year was unprocessed, frozen, boneless beef, he said. It represented 34% of total world beef imports.

The United States imported 449,528 metric tons of this frozen, boneless beef at a total value of \$2.449 million — about \$5,434 per metric ton.

The second-ranked beef product in the world is unprocessed, fresh or chilled boneless beef. It represented 15% of total world beef product imports. The United States imported 206,574 metric tons of this product at a total value of \$1.336 million — or \$6,469 per metric ton, Bullard details.

"So frozen and fresh or chilled boneless beef comprised just under 50% of beef commodity imports," he says. "This is what the industry tells us is the lean grinding product that we must import to mix with our higher quality trim to make ground beef."

The No. 1 leading commodity beef export is unprocessed, frozen, boneless beef. "It's the same category of commodity beef that we import. It represents 34% of our total world commodity beef exports." U.S. exports of unprocessed, frozen, boneless beef represent the same percentage of our exports as it does our imports, he said. "We exported 417,823 metric tons of this product for a total value of \$3,075,183,000. So the per-unit price received for this No. 1 exported beef product was \$7,360 per metric ton.

The second-ranked beef product that we export, he said, is unprocessed, fresh or frozen boneless beef. It represented 24% of our total world beef product exports. We exported 296,046 metric tons of this fresh or chilled boneless beef and sold it for \$3.255 million. That makes the per-unit value for the No. 2 exported beef product \$10,992 per metric ton.

About half of U.S. beef product imports are the frozen and fresh or chilled boneless beef and U.S. importers pay \$5,760 per metric ton — about \$2.61 per pound. About 60% of U.S. beef product exports are the frozen and fresh or chilled boneless beef that we sell for \$8,866 per metric ton — about \$4.02 per pound.

"Our No. 1 and No. 2 exports are the same type of beef product as our No. 1 and No. 2 imports but our exports of that same type of product command about \$1.41 per pound more than our imports."

Darigold Instituted \$1.50/Cwt. Assessment Last Nov.

by Pete Hardin

Last November, Darigold — the predominant dairy co-op in the Pacific Northwest — started a \$1.50 additional assessment against members' milk checks. Apparently that new fee is intended to offset operating losses and help cover costs for the new dairy protein/butter plant the co-op is scheduled to open soon.

That new facility — the opening of which has been delayed — was originally estimated to cost \$300 million. But inflation and delays have ballooned the facility's price tag to between \$850 and \$900 million. When spread among Darigold's less than 300 producer/members, the cost of that new plant will be over \$3 million per member.

Rumors circulating in the region put Darigold's losses for its previous fiscal year — which ended March 31, 2023 — at ranges that beg the question: How many hundreds of thousands of dollars per member did Darigold lose that year?

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608-455-2400

Veterinarians Detail Strategies to Right-Size Heifer Inventories

by Jan Shepel

Several events have combined to reduce the number of dairy heifers available to replace cows exiting the herd. Using beef semen on dairy cows to produce Black Angus-Holstein crossbreeds, which continue to command high prices, and the loss of many dairy farm operations, are two factors that helped to create a shortfall of dairy replacement heifers nationally.

Farmers who intend to keep their dairies operating need to find ways to sustain their heifers numbers high enough to fill vacancies as older cows leave the herd. Spending a little more time and effort on calf management is one strategy to help dairy farming enterprises. Dr. Kaylee Anderson, with Lodi Veterinary Care (Lodi, Wisconsin), recommends that farmers who want to have the healthiest calves possible should consider having their vets run a total protein blood test, when calves are from two to seven days of age. “Ideally this test should be run on 12 calves per month to monitor the calf management protocols,” she explains. “As part of a management plan you could do this three times a year to check on how calves are doing.”

Some dairy farm clients served by the Lodi veterinary firm are doing regular “calf herd health” visits once or twice a month to provide a good picture of the health of these future dairy replacements.

The total protein comes from the plasma layer of the blood. Testing for total blood protein provides an indication of the passive transfer of immunoglobulins from the cow’s colostrum to the calf. Anderson said the goal is for 70% of the calves to pass this blood test. If that percentage lags below 70%, it’s an opportunity for the farm to investigate practices contributing to better results. Critical questions include: Was the colostrum good quality? Did the calves get adequate colostrum soon enough? Or has “protocol drift” occurred on the farm?

Colostrum needs to be properly collected in a timely and clean manner. A high bacteria count in colostrum will inhibit the passive transfer of beneficial proteins to the calf. Some farms test their colostrum with a Brix device or a refractometer. The first feeding of colostrum should be given to the calf during the first two hours of life and “for sure in the first four to six hours,” Dr. Anderson explained. A second colostrum feeding should be given 12 hours later—importantly offered by bottle to avoid overloading the calf with another tube feeding.

Higher total protein values—indicating best practices for colostrum handling and feeding—translate into better immunity from diseases. Higher blood protein values show that the vaccinations that are given to the cows, which go through the colostrum to the calf, are effectively working to keep the calf healthy. As a side value, employee morale is likely to be better, because they won’t be discouraged by sick calves.

The Lodi veterinary practice also uses an ATP meter, which can help farms locate bacteria-laden calf feeding equipment. Best practices include having clean maternity pens and clean sleds or wheelbarrows to transport the calf. Dr. Anderson’s comments were part of a Lodi Veterinary Care session for dairy farmers.

Another speaker—Jerome Meyer with Zoetis—said that genomic testing can be used to help dairy farmers determine if they are maintaining the correct number and if they are keeping the best heifers as herd replacements. “Genetics is a long game,” he said, and information on traits like health, fertility, milk quality, reproduction and others factors may be used to make sure the farm is keeping the right animals to fill milking stalls in the future.

What Meyer called “precision genetics” began in the early 2000s with information on health traits in dairy cows. These days, with *in vitro* fertilization (IVF) and sexed semen, genetic progress can be achieved more quickly. However, it still takes at least nine months to cover a generational interval in dairy cattle, he added.

“Accuracy is key.” Unfortunately, Meyer noted that for genomic test submissions, there is an 18% parentage error—meaning that the parents that the calf owner *thinks* are the calf’s parents *are not!* “They got either the sire or the dam wrong,” he said.

The reason to consider genomic testing as a strategy to build the farm’s herd of the future, Meyer said, is that “not all heifers are better than your cows.”

Ten to 20% of the virgin heifers in your herd are not as good as your cows.”

Better genetics arrived at through genomic testing can result in lower mastitis, less respiratory disease in calves and cows, less metritis and ketosis in the cow herd, fewer displaced abomasums and less calf scours. “There is a dollar value associated with each one of these,” he emphasized.

Among the primary reasons milk cows depart dairy herds include: infertility (23%), mastitis (18%), low production (18%) and lameness (almost 10%). The farm can make better genetic progress in heading off these problems if genetic testing is utilized, he said. Utilizing genetic testing can allow the farm to “right-size” its heifer inventories. “Like a retirement or savings account, investing in genetics compounds over time.”

Choosing the correct future cows, Meyer said, can boost the return on investment, making a major impact on the farm’s profitability. “You need to raise the right number of replacements of the right genetic quality.” Doing that can also maximize the farm’s income from beef/dairy cross cattle, because it will be apparent which cows should be used to cross with beef semen.

Dr. Montana Lins, another of the Lodi vets, said that following the farm’s voluntary waiting period—the age at which heifers are first bred—it’s a good idea to use pen walks, tail chalking and possibly an activity monitor to determine when to breed heifers. Farms should also consider a synchronization program for heifers.

Farm Bill Moves Out Of House Ag Committee

by Jan Shepel

Congress’ long-delayed process to craft new federal farm and food legislation moved forward as the House Agriculture committee passed its version of what most people call the “Farm Bill” on a 33-21 bipartisan vote ... just before the Memorial Day holiday. The bill, H.R. 8467—also known as the Farm, Food and National Security Act of 2024—now goes to the full House.

During the following week, the Senate’s Agriculture Committee held a hearing on its version of the farm legislation. Cash grain producers testified that the statutory reference points from the 2018 Farm Bill used in the Price Loss Coverage (PLC) program—intended to provide a safety net—are not nearly enough to sustain farm families. The Senate committee also heard that more needs to be done to protect smaller, more diversified family farms in terms of crop insurance. Farmers testified that the insurance programs as written today, don’t fit their operations.

The House bill would enhance the commodity price support program, strengthen the crop insurance program and USDA loan guarantee programs. Those loan guarantee improvements include increased loan limits and quicker approvals, as well as policies that will help farmers repay loans, protect assets and afford expanded credit to sustain farm and ranch operations.

American Farm Bureau Federation President Zippy Duvall praised the 13 hours of “rigorous” debate in the House committee, but added that tight margins in both chambers and a crowded Congressional calendar present challenges for the next steps of the farm legislation. “We urge House leaders to continue the momentum and bring this important legislation to a vote on the floor,” he said.

He also urged the Senate Agriculture committee to follow the House’s lead and schedule a full Farm Bill markup. “A pandemic, high inflation, supply chain issues and global unrest all present challenges that can only be addressed by a new, modernized Farm Bill,” Duvall said.

Congress passed an extension of the current Farm Bill in November 2023, when it was extended to September 30, 2024.

Earlier in May, the House Ag committee, led by Glenn “GT” Thompson (R-PA) released a five-page “outline” of what he would like the legislation to contain. Meanwhile, the Senate Ag committee, led by Sen. Debbie Stabenow (D-MI) released a 94-page report on that body’s preferred policies. Stabenow compared the two bills to reporters. “We have a bill. They have a framework,” she said.

Despite that preparation in the Senate committee, the House bill has emerged from committee and the Senate committee has not done “mark up” for the es-

“Heifers are your most fertile animals and there is a cost associated with each day we wait to breed her. All the time she spends open is more time she is non-productive,” Lins said. The goal should be to breed each heifer in the shortest amount of time possible after the voluntary waiting period.

The sync program can involve timed AI after the use of a CIDR. Data shows that CIDR/Synch programs save \$17 per pregnancy. Its use also doubles conception rates with sexed semen compared to systems that are only using heat detection. “Even on farms that are using activity monitors we don’t get as many bred after the voluntary waiting period as we do with the CIDR/Synch program.”

Dr. Bob Steiner said that it’s a good idea for dairy producers to compare information on the percent of heifers that make it from birth to 24 months. Using computerized data systems like Dairy Comp can help focus on where heifer losses are and why they occur.

Producers should consider doing heifer herd health visits with the vet, just like they do with adult cows. They might even consider calf herd health visits that would include taking the total protein blood tests recommended by Dr. Anderson, but also ultrasound imaging of the calves’ lungs to look for lesions that indicate pneumonia damage.

Calves can leave the herd for reasons that include scours, respiratory illness, injury and just plain “bad juju,” Steiner said. Having a calf and heifer herd health program can help save money by averting those losses before they carry on for an extended period of time.

timated to be a \$1.5 trillion bill covering federal agriculture and nutrition policies for the next five years.

The House bill includes a \$28-billion cut in food aid through the SNAP program (formerly called “food stamps”), plus a large boost for “reference prices”—what many observers consider a substantial increase for crop insurance subsidies.

The Senate Agriculture committee’s plan contains no cuts to food assistance and boosts crop insurance reference prices much more modestly than the House proposal. Some observers note that in recognition of his party’s razor-thin majority in the House, Thompson should advance a bill palatable to members of his party and Democrats.

National Farmers Union (NFU) President Rob Larew said the House version includes a number of priorities supported by the NFU but those “positive steps can’t come at the cost of the broad support that’s needed to pass a bill on the House floor. A successful farm bill needs broad bipartisan support. We applaud today’s progress but we know that significant improvements will be needed to advance this bill.”

National Milk Producers Federation President and CEO Gregg Doud commended Thompson and committee members from both parties for approving a bill that includes “numerous provisions that are important to dairy farmers and the cooperatives they own.”

Doud commended the bill’s extension of the Dairy Margin Coverage (DMC) through 2029; updating production histories for participating dairies based on the highest production year of 2021, 2022 or 2023; and extending producers’ ability for a 25 percent premium discount when contracting DMC coverage for five years.

The House Committee’s proposal would restore the “higher of” Class I mover to reinstate orderly milk marketing and require manufacturing plant cost studies every two years to provide better data to inform future make allowance conversations—two key components proposed by National Milk.

Nicole Swann of the Independent Community Bankers of America said, in a statement, that her organization continues to have concerns about provisions in the bill that would expand the “tax-advantaged” Farm Credit System’s powers. “There needs to be further scrutiny to prevent FCS lenders from broadly shifting into non-farm business lending,” she stated. “FCS also has a reduced regulatory compliance burden under the Consumer Financial Protection Bureau’s 1071 small business data collection and reporting rule that is not afforded to community banks. ICBA appreciates acknowledgement of this unfair burden by several members during the markup.”

Ahead? Will Buyers Be Paying \$4,000 for Top-End Springers?

by Pete Hardin

The past year has featured low farm milk prices relative to costs. But nevertheless we've witnessed significant increases for dairy livestock values. Replacement dairy heifer inventories are tight. Beef industry needs will continue pulling four-legged resources from dairy.

Despite tight margins on U.S. dairy farms, prices being paid for replacement dairy livestock to fill milking strings have climbed significantly. For example: prices for high-end Holstein springers and good milk cows have climbed roughly \$1,000 or more during the past year – pushing towards \$2,750 to \$3,000. As noted dairy economist William Shakespeare wrote: "What's past is prologue."

Ahead? *The Milkweed* projects that in the next nine to twelve months, high-end springers will command prices rising towards the \$3,500 to \$4,000 range.

Ahead? Reduced farm milk output in the United States, higher dairy commodity and farm milk prices, scarce replacement dairy heifers, and a mad scramble by milk plants in some regions to secure needed supplies of milk. USDA economists recently upgraded official estimates for 2024 and 2025 U.S. farm milk output. That's low-grade baloney. U.S. milk production has declined every month but one since July 2023. (February 2024 milk production, when adjusted for the extra Leap Year day, was down compared to the same-month, prior year milk output)

How desperate is the scramble for dairy livestock? A good source tells *The Milkweed* that a Kansas-based dairy producer is expanding his cow numbers by purchasing entire dairy farms, simply to add more dairy livestock. A recent such acquisition was of a dairy farm premisis with about 6,000 milk cows.

Beef & dairy economics intersect

Events in both beef and dairy over the past several years have evolved this nation's dairy industry to this critical point. It's important to understand the history that has brought us to this point, because – short of collapsing consumer demand – there are no short-term fixes for scarce numbers of dairy and beef animals in this country. Dairy heifer replacements generally grow one calf a year. Those beef and dairy events include:

- Back in late 2016 or 2017, the market for Holstein steers collapsed, especially in the Midwest. What happened? Buyers from Walmart were inspecting cattle at the intake of a major beef processing plant in the Midwest (one of the "Big 4"). That slaughter facility's main end-product was processing "Black Angus beef" for the nation's leading food retailer. But what those Walmart representatives saw were mostly Holstein cattle on the verge of slaughter, not Black Angus. Fraud! Walmart immediately terminated that arrangement. Prices for Holstein steers – admittedly propped up by that processor's fraudulent packaging of Holstein beef as "100% Black Angus" – immediately collapsed. That price collapse rippled straight back to the values of Holstein bull calves, which suddenly became nearly worthless.

In response, dairy farmers started breeding large numbers of lesser-quality milk cows and dairy heifers with Black Angus semen. "Black" Holstein/Angus crosses commanded higher prices at auctions because those finished animals of those "50/50 genetics" may be legally marketed as "100% Black Angus beef." (Don't ask.) About four years ago, a major, Wisconsin-based semen firm reported that it had sold more Black Angus semen than dairy semen during the prior year.

- With the exception of 2022's record milk prices, cash-flow economics on many dairy farms have been tight for several years. To boost short-term cash-flow stress, many dairy producers strategically bred numerous female dairy livestock to Black Angus semen. That way, they could obtain a higher value for wet calves and not have to feed out the critters. A related strategy was using sexed semen on the "top half" of the female dairy animals, to boost the percentage of female dairy calves – to try to maintain adequate replacement heifer numbers.

- Over many of the past several years, severe drought has hammered the Southwest and Southern Plains – locales where many of the nation's beef feedlots are, or were, located. Those repeated severe drought years forced beef feedlot operators to pare back cattle inventories on their premises, due to scarce, high-priced costs for purchased feed and forage supplies. Adverse weather events also forced reductions in the numbers of female beef animals. So in recent years, beef operators have increasingly turned to dairy animals to meet their needs – pushing up prices offered for dairy steers and Holstein/Black Angus crosses. Dairy heifers of all ages and stages have been pulled

into beef – for fattening and/or slaughter.

- But as time passed, prices for female dairy heifers generally declined to levels far below costs of raising heifers. Estimated costs for raising a female dairy calf to where she delivers her own calf and starts milking are around \$2,000 (or more). One year ago, average prices for week-old, female Holstein calves were consistently reported at \$50 and down at Wisconsin livestock auctions.

Meanwhile, one year ago, Holstein bull calves were bringing prices in the \$125-\$150 range. And Black Angus calves – regardless of sex – were nearly double the value of Holstein bull calves at Wisconsin livestock auctions.

But prices for all dairy and dairy-beef livestock have spiked during the past year. Last spring, in Michigan, a firm was forward-contracting dairy farmers \$300 apiece for wet Holstein/Black Angus cross calves. That firm was also supplying the semen! At that time, getting paid \$300 to use "free" Black Angus semen on Holstein females and getting a guaranteed \$300 check for the offspring looked like a good deal ... as farm milk prices remained stinko with little improvement in sight.

- Today??? Healthy, week-old Holstein/Black Angus calves – either sex – will command between \$800 and nearly \$1,000 apiece ... depending on size and local buyers' willingness to pay such exorbitant money. [Let's make a quick, seat-of-the-pants cash-flow analysis of those high-priced black, crossbred calves: At \$900 per head for a Holstein/Black Angus calf sold at age one week, the money received by the seller equals a \$3.00/cwt. premium for a year's worth of milk provided by an average Holstein milk cow. Further, the seller won't incur costs of roughly \$2,000 (or more) for raising that heifer to maturity.

In the analysis of *The Milkweed*, these mind-boggling prices paid for black calves are at or near their peak. Onlookers scratch their noggins, puzzling what price per pound these high-priced calves must ultimately bring when fed out to market weights, to be a profitable experience for the buyer.

Today??? Good-sized, healthy, wet Holstein bull calves will bring price ranging up to \$450-\$500. Wet Holstein heifer calves will bring perhaps \$375-\$450 at auctions. Nice breeding age dairy heifers currently are commanding upwards of \$1,500-1,600, or higher. Nice springing Holstein heifers are priced at \$2,750 to \$3,000. Same for solid milk cows early in their lactations. The beef industry's current slaughter situation filters over to dairy. Live-weight prices for meaty dairy culls are bringing around \$1.20-\$1.25, depending upon the region of the country. Meat plant buyers are commonly paying near-top prices for fat Holstein springers in the auction ring.

As noted earlier in this article, dairy livestock prices the past year have shown remarkable appreciation ... when profit margins for milking cows have



That "black" calf is both a cash-flow solution and a long-term problem for dairy farmers. Currently, "black" dairy/beef cross calves are bringing \$800-\$1,000 at auctions. But the profits from selling wet, "black" calves have reduced the number of dairy heifers.

been tight at best, amid rising costs for many necessary inputs.

- A year from now??? The troubling specter of avian influenza infections in milk cows looms as a huge unknown factor. "Bird flu" infections in milk cows defy honest attempts to predict dairy's future. Pray that bird flu virus in cows does not mutate to become harmful to humans ... and/or bovines!

IF bird flu does not disrupt consumers' demand for dairy products, then the outlook for next several years is for tight milk supplies and far better milk prices. That's because so few replacement heifers are available. Barring a severe adverse weather event, future grain prices look relatively moderate due to falling export demand for U.S. corn and soybeans.

Ahead??? In the good-demand, tight-milk scenario, prices for replacement heifers (and all other female dairy livestock) will continue appreciating. A year (or less) hence, don't be shocked to see good springing heifers priced in the \$3,500 to \$4,000 range.

What are future strategies for dairy producers to take advantage of this good-demand, tight-milk scenario?

- 1) If feedstocks, facilities and cash-flow permit, return to far higher rates of using sexed female dairy semen to boost heifer numbers.

- 2) Strive to achieve the average statistic for the milking herd to attain a third calving and lactation. As is, the average U.S. milk cow does not survive long enough to deliver her third calf and commence her third lactation. That statistic reflects poorly on modern dairy husbandry and management practices.

In summary: return to old-fashioned dairy husbandry ethics and practices for a profitable future. Good husbandry will build good equity. The beef industry's economic lure is at or close to peak. That's not to say beef values are declining. The beef industry's livestock numbers also require years to rebuild. But recent years' draw upon dairy livestock resources by beef lucre has put dairy in the position where our industry also needs years to restore adequate numbers of milk cows ... the old-fashioned way: one heifer calf at a time. A dairy heifer calf born tomorrow will require about two years before she starts putting milk in the bulk tank or direct-shipped milk tanker.

What's that Springer Really Worth???

Higher values for dairy livestock of all ages are forcing farmers to recalculate several management strategies.

One year ago, a wet Holstein/Black Angus calf might have brought \$250 to \$300 at a livestock auction. Today, an identical, wet calf might command between \$800 and even close to \$1,000. Values of those black calves vary by local conditions. (In early June, we hear that a Holstein/Black Angus calf brought \$1,100 at an auction in Sugar Creek, Ohio.)

What if a farmer is privately selling a Holstein springer and she's confirmed pregnant, bred to a Black Angus bull? What's a fair price, when factoring that the springer has a black biscuit in her oven that's worth around \$900? Does the sale price – minus \$900 (or so) – truly represent the value of the springer as a milking animal with inventories of female dairy livestock so short?

An upgraded strategy for sellers is to recalculate asking prices for private sales of healthy dairy heifers and cows (if pregnant) by valuing both the worth of the animal as a milking animal, plus the value of the calf inside her.

Another strategy: If a pregnant animal is to be sold at auction, then note if she was bred with Black Angus semen. That fact ought to add a premium to the selling price on an honest day.

Both the dairy and beef industries in this country are short on livestock numbers, relative to perceived demand for their end products. Rebuilding dairy and beef cattle herds will take several years ... one calf at a time. The modern U.S. dairy industry has never witnessed such a situation ... or opportunity.

Three Dairy Stray Voltage Tales ...

by Pete Hardin

Last month, Jan Shepel profiled the stray voltage battle that started on the dairy farm of Bryanna and Dylan Handel, near Mount Horeb, Wisconsin in December 2023. Starting the exact day that a new electrical substation came on line within half a mile of their farm, the Handel's dairy herd started experiencing a wide range of milk production, milk quality, health and breeding problems, aborted and stillborn calves.

Let's recall three other stray voltage tales I've witnessed or heard over the decades

#1: Cows are "canaries in the coal mine"

About 30 years ago, I was watching a Holstein competition at World Dairy Expo. I struck up a conversation with an older gentleman named Bill Orcutt, who lived in the northwest corner of Ohio — near where Indiana, Michigan and Ohio all come together. Mr. Orcutt and I shared our roles in dairy. He was a consultant on stray voltage issues for a Michigan-based utility.

According to Mr. Orcutt, the lawyer who represented the infamous Dr. Kevorkian (*aka* "Dr. Death" — the early champion of assisted suicides), had a side gig. That lawyer filed numerous civil lawsuits against utilities in Michigan on behalf of dairy farmer clients who claimed their livestock had been harmed by stray voltage. Orcutt explained that when stray voltage lawsuits were filed by dairy farmers, the utility for which he consulted immediately sought to settle out of court. Why? Orcutt said the reason that utilities preferred to settle stray voltage cases was because cows were viewed as merely the "canaries in the coal mine" ... four-legged surrogates for possible human health dangers stemming from exposure to stray voltage. That Michigan utility preferred to quickly close the book on dairy farm stray voltage cases, rather than go to trial. (Documents revealed in a trial might ultimately lead to hints of potential human health problems ... and liabilities.) Mr. Orcutt detailed how aging electricity transmission infrastructure was a likely source for human health problems in urban environments.

I do not know why Mr. Orcutt shared those insights with me. (Note: A few years ago, Jan Shepel contributed a story to this publication about a neighboring dairy farm's herd that was beleaguered with numerous health problems. The farm abuts several electrical facilities and power lines, including a large substation. They installed a controversial device — which is called an "ertlizer" and was installed several years ago by stray voltage consultant Ann Deluhery. She can be reached at 608-206-7697. Result: Cow health, milk production and quality improved. (So did certain family members' health as migraines and other ailments disappeared.) The device was installed on their farm in 2016 and they report to us that it's still working.

#2. Sleuthing ag journalist: "You're fired!"

Fifteen or so years ago, Kurt Gutknecht was the managing editor of *Wisconsin Agriculturist*, a mainstream agricultural magazine. Kurt was digging deep into stray voltage issues. At his own expense, Kurt was taking electrical engineering courses at UW-Madison to enhance his understanding of the electrical grid.

Unfortunately, one or more unknown parties did not appreciate Gutknecht's probing articles about stray voltage. Gutknecht's overseers indicated he should quit writing articles about stray voltage and stop taking electrical engineering courses at UW-Madison. Kurt being a stubborn Wisconsin farm kid of German heritage, you can guess the outcome. Ironically, his last day working at the *Wisconsin Agriculturist* was an interview with *The Milkweed's* editor-publisher. That story never saw the light of day.

#3. 1960s REA report detailed stray voltage problems

Ken Rabas' multi-faceted dairy career began with milking cows on his family farm. But stray voltage problems derailed his herd's milk production and health, as well as Ken's dairy farming dream.

Years later, when taking a UW-Madison Short Course on cheese-making, Ken was roaming the fourth floor of the Steenbock Library one night. He stumbled upon a series of reports dating back to the 1960s, produced by the Rural Electric Administration (REA). One small bound document in that collection detailed the potential dangers of stray voltage for both human and animal health. Over time, Ken also saw those reports at the Green Bay and Eau Claire branches of the University of Wisconsin system.

Some time later, while talking with a fellow with expertise consulting dairy farmers on stray voltage issues and remediation, Rabas mentioned the 1960s documents to that consultant. After the consultant obtained and read that REA report, he claimed that document sustained claims behind virtually all of the civil lawsuits filed by dairy farmers against utilities for alleged stray voltage problems.

And soon thereafter, a lawyer representing a dairy farmer bringing a stray voltage case against a utility, sought to enter that 1960s REA report on stray voltage as a trial exhibit. The opposing counsel immediately requested a time-out, and hustled the plaintiff's attorney out of the courtroom. ... On the spot, the utility's attorney promptly settled the case; he did not want that old REA report appearing as an exhibit in the trial. No surprise.

Conclusion: Keeping farmers in the dark

A common thread weaves through all three of these short tales: a strategy by the "big boys" to obscure deleterious effects of stray voltage on dairy livestock ... and goodness knows what other beings. The utilities' common fall back position in legal battles: blame the farmer.

Vegan "Cheese" Wins Contest, Then Gets Disqualified

by Pete Hardin

Hmmmm.

A couple years ago, as savvy friend advised that taste profiles of non-dairy cheese-type products were getting close to the real thing.

An event in early 2024 bears out that wisdom.

The following information was gleaned from an article that appeared in the *Washington Post* in late April.

In early January 2024, one finalist in a cheese competition sponsored by the Good Foods Foundation was a blue cheese product offered by Climax Foods from Berkeley, California. The Good Foods Foundation awards are based upon both products' taste as well as the environmental and social commitments of the firms producing those foods.

Climax Foods' blue cheese products are served in high-end restaurants.

But after the finalist awards were announced, a problem arose with Climax Foods' entree: the product is a plant-based, vegan product ... in other words, it did not conform to the standards for Blue cheese. Those federal standards require that cheeses with standards of identity must be made from milk obtained from healthy cows, goats or sheep.

When the hue and cry started over a vegan, plant-based product being a finalist in that cheese contest, the sponsor started waffling and then backtracked. When the first chorus of boos resounded, the Good Foods Foundation decided to create a "co-winner." But that stance eventually eroded. Ultimately, Climax Foods' Blue cheese entry was shorn of its title.

The plot thickened. It was reported that Climax Foods' Blue cheese product was more than a "finalist" — in fact, that product was anointed as the winner of the cheese category ... before the you-know-what hit the fan. The judges apparently knew that Climax Foods' Blue cheese was plant-derived.

One criticism — broached after Climax Foods

had been sidelined — was that the firm had listed an ingredient on its application, kokum butter, that is not approved under the federal Food and Drug Administration's "GRAS" (Generally Recognized As Safe) rules. Climax Foods' CEO Oliver Zahn explained to the *Washington Post* that the entry submitted to the competition contained another form of plant-derived "butter" ... even though his firm's application information had noted that kokum butter was an ingredient.

Subsequently, the Good Foods Foundation has added the requirement that all products submitted to its competition must have all ingredients in compliance with GRAS strictures.

Beyond this short-term kerfuffle, the greater truth is that alternate products mimicking real dairy products are becoming more sophisticated in their flavor profiles and mouth feel.

Reuters Documents Dairy Cow Deaths from Bird Flu

On June 6, Reuters published a carefully researched article summarizing deaths of dairy cows in five states resulting from infections due to H5N1 avian influenza. Credit Reuters' team of journalists for digging deep.

The five states cited where milk cow deaths are: Texas, South Dakota, Michigan, Ohio and Colorado. Some of milk cow deaths include livestock that simply did not recover sufficiently from the infection, either in terms of efficient milk production or lingering ill-health.

Reuters reported that a 1,700-cow South Dakota dairy sent a dozen infected cows to slaughter, and killed another dozen that had contracted secondary infections.

A dairy in Michigan with 200 cows killed about 10% of its milking herd, Reuters reported. Michigan

"leads the league" in the number of dairy herds with bird flu infections — totaling about two dozen at press time.

Specific numbers for state-by-state milk cow deaths are not available. Tracking the actual number of cow deaths — including animals sent to slaughter — is basically impossible because some dairies are not testing for or reporting infections. A shroud lingers over dairy farms, as many operators do not wish to be identified. At least one major dairy processor has indicated it did not want to buy dairy commodities processed from milk from herds where bird flu infections had occurred.

Pasteurization kills the H5N1 virus in milk. No samples of the live virus have been detected in processed milk or dairy products. No live virus has been detected in samples of raw ground beef.

Farm Bill Moves Out Of House Ag Committee, con't

Continued from page 6

The National Association of Wheat Growers President Keeff Felty said the House bill includes several priorities the group has pushed for over the past two years — enhancement and protection for crop insurance, a meaningful increase in the Price Loss Coverage (PLC) program, and doubled funding for the Market Access Program.

Protecting crop insurance has been a top priority for the wheat group as it is considered to be the cornerstone of the farm safety net, he said. Officers of the organization have testified before members of Congress on five separate occasions, detailed NAWG's priorities to enhance the farm safety net,

strengthen conservation programs and increase access to international trade and food aid opportunities for wheat growers.

Ranking member of Thompson's committee David Scott (D-GA) complained that for over a year Democrats have "engaged with the Chairman, striving for a genuinely bipartisan farm bill that meets the needs of our farmers and the families they feed." Scott called the bill partisan, saying the House version pits farmers against the families they feed. "This partisan bill makes the largest cut to SNAP in nearly 30 years."

Conclusion: Political gridlock in the nation's capital extends to future farm and nutrition policies.

MI Livestock Auction Owner Frustrated by State Bureaucrats

by Pete Hardin

Robert Filhart operates the Rosebush Livestock Auction in central Michigan. Bob is squarely in the middle of the confusion spawned by the bird flu epidemic. He reports it's been almost impossible to get straight answers to basic questions about bird flu from Michigan's agriculture department.

Unfortunately, Michigan is evolving as the hot spot for H5N1 infections – both for dairy herds as well as two dairy farm employees who've been infected by the avian influenza. Dairy industry personnel deserve better than udder confusion from state officials.

Prior to his early May dairy livestock auction, Filhart asked state officials questions about what the testing protocols were for moving cattle out of state. He got no good answers. A state veterinarian couldn't even tell Filhart what kind of testing protocols were necessary to move milk cows out of state.

Filhart has seen his business volume decline during the past two months, because regular out-of-state buyers were absent, nervous about bringing home bird flu infections.

One month later, just prior to his early June sale, he waited for an hour on hold during a telephone call to Michigan animal health officials, before being transferred to another branch that provided little help.

High-Priced Horse Hay in Southern New England

The phrase "pleasure horse" is under review in Southern New England. Sources tell *The Milkweed* that 35-40 lb. small square bales of horse-quality hay sold for \$18-\$19 apiece this winter at feed stores in eastern Massachusetts and southern New Hampshire.

Incessant rains made it virtually impossible to make quality dry hay in New England during 2023. Last year's wet weather followed dry conditions in 2022. Result: Inventories of horse-quality hay in that region are drawn down to virtually zero.

Local logic is that horse owners and those who supply them with hay will have to turn to sources in New York State to find appropriate fodder for nags in Southern New England.

'24's Cull Cows Down 13.4% thru May 25

Beef processors are scrambling to find dairy cull cows here in mid-spring 2024. ... obviously coming up short.

Despite higher prices commanded by dairy culls, the numbers of spent milk cows moving to slaughter is far below year-ago numbers.

Weekly data compiled by the USDA shows that so far in 2024, through the week of May 25, only 1.339 million dairy cull cows had met their fates at federally inspected beef processing plants. That January 1-May 25 figure is a 13.4% decline from the total for the corresponding week one year ago.

The shortfall in weekly dairy cull numbers is increasing. For the week ending May 25, 2024, 47,600 dairy culls were sent to slaughter — 16.5% lower than the same-week, year-ago total. That trend is typical. Here's a weekly breakdown of the USDA's May '24 dairy cull numbers and their percentage of same-week, year-ago totals:

It's generally estimated that dairy farmers are hanging onto milk cows longer, because of an industry-wide shortage of replacement dairy heifers. Even though profit margins for producing milk in recent months have been painful and cash-flow needs are tight during spring planting season, cull cows are simply not moving off dairy farms as in past years. (Refer to the table at the end of the story.)

The slow-down in dairy cows sent to slaughter is occurring, despite media reports that the H5N1 avian influenza infections are impairing some milk cows' health and mortality.

Also worth noting: the weeks leading up to Memorial Day are prime season for beef processors to load up on hamburger meat for the first major barbecue grill holiday of the season.

There are no miracle solutions to ease the scarcity of dairy livestock of all sizes. Tight beef cattle supplies mean the beef sector will keep drawing four-legged resources from dairy ... both for placement in feedlots as well as for slaughter.

In early June, Filhart was told there was an important meeting that evening, at which Filhart's veterinarian would be present. And that cow doc could clarify any questions Filhart had after the meeting concluded. Guess what? The veterinarian was out of the country; obviously he could not attend that meeting.

As best Bob can figure it out, to move Michigan dairy cows, a blood test is needed that takes two days to get results back from the lab. The blood test is valid for five days from the time it's drawn. After hopefully gaining confirmation of H5N1-free status from the lab in Lansing, Michigan, Filhart would then have three days remaining to sell those milk cows and get them to their end-destination.

Filharts points to the Premier Livestock & Auctions in Withee in west central Wisconsin as able to

export milk cows out of state for the past two months. Obviously, Filhart concludes, Wisconsin's agriculture department is doing a better job communicating to its livestock auction operators how to comply with various federal and state rules involving pre-testing for inter-state shipment of milk cows.

Michigan ag department animal health officials were quick on the draw to create a complex set of rules for dairy farmers regarding H5N1 back in early May. A May 5 (Friday) email sent out complex rules that state dairy producers (including Amish) were supposed to enact by Monday, May 8. Turns out, Michigan ag department animal health officials are long on dictates but short on helpful information, when it comes to H5N1 and dairy.

Roundup in the News

by Pete Hardin

Two recent news stories show that the controversial herbicide, Roundup, remains contentious ...

Germany finds Parkinson's Disease is an occupational hazard for farmers due to glyphosate exposure.

German health authorities have determined that farmers and agricultural workers exposed to glyphosate-based herbicides (such as Roundup) have increased risks for developing Parkinson's Disease. That finding concludes a dozen years of study by a committee of health experts – the Medical Advisory Board of the Federal Ministry of Social Affairs.

The chair of the Medical Advisory Board, Professor Thomas Kraus, explained that it was extremely difficult to evaluate global research data and then fit into German statutes the Board's recommendations that Parkinson's be deemed an occupational disease.

Due to differing definitions, Parkinson's Disease has been considered an occupational disease in both France and Italy for several years. Germany now deems agriculturists' exposure to 100 days' use to glyphosate herbicides, plus a medical diagnosis of Parkinson's, will qualify individuals for status as suffering from an occupational disease and be eligible

for financial compensation.

Bayer – current owner of Roundup herbicide products — seeks blanket immunity from liability for human health claims lawsuits.

So far, attempts have failed in several U.S. states to gain laws providing blanket, legal exemption against human health claims' liabilities related to glyphosate herbicides on behalf of manufacturers. Bayer A.G., — the German firm that acquired patents and trademarks for Roundup herbicide products from Monsanto several years ago – has so far failed to gain the sought-after liability exemptions in Iowa, Missouri, and Idaho.

To date, over 170,000 civil lawsuits have been filed claiming cancers related to exposure to Roundup and other glyphosate-based herbicides.

Bayer has set aside \$16 billion for settling those cases. But that may not cover all those damages claims, if plaintiffs' complaints are sustained either through settlement or trial. According to a recent Associated Press article, Bayer officials are claiming that costs of litigation are "not sustainable." In other words, Bayer's potential liabilities from human health claims related to Roundup may pull down that massive corporation. (Important to note: Bayer's acquisition of Monsanto several years ago is regarded as one of the most wrong-headed deals in history.)

The Associated Press article reported:

"But Bayer plans a renewed push during next year's legislative sessions and may expand efforts elsewhere.

" "This is bigger than just those states, and it's bigger than just Bayer," said Jess Christiansen, head of Bayer's crop science and sustainability communications. "This is really about the crop protection tools that farmers need to secure production."

April 2024 Milk Production

April 2024 Milk Cows and Milk Production, by States

State	Milk Cows ¹		Milk per Cow ²		Milk Production ²		
	2023	2024	2023	2024	2023	2024	Change from 2023
	(thousands)		(pounds)		(million pounds)		(percent)
AZ	196	193	2,185	2,185	428	422	-1.4
CA	1,717	1,708	2,060	2,075	3,537	3,544	0.2
CO	205	203	2,165	2,175	444	442	-0.5
FL	92	100	1,805	1,845	166	185	11.4
GA	92	85	1,960	1,965	180	167	-7.2
ID	669	668	2,105	2,105	1,408	1,406	-0.1
IL	79	79	1,860	1,880	147	149	1.4
IN	189	190	2,010	2,005	380	381	0.3
IA	239	243	2,065	2,105	494	512	3.6
KS	180	174	2,000	1,990	360	346	-3.9
MI	436	439	2,310	2,305	1,007	1,012	0.5
MN	454	446	1,925	1,955	874	872	-0.2
NM	282	235	2,135	2,120	602	498	-17.3
NY	630	630	2,130	2,130	1,342	1,342	-
OH	252	255	1,875	1,885	473	481	1.7
OR	125	117	1,770	1,770	221	207	-6.3
PA	466	465	1,835	1,830	855	851	-0.5
SD	189	212	1,895	1,895	358	402	12.3
TX	645	640	2,190	2,135	1,413	1,366	-3.3
UT	90	90	1,930	1,940	174	175	0.6
VT	118	115	1,820	1,800	215	207	-3.7
VA	67	67	1,800	1,830	121	123	1.7
WA	261	260	2,035	2,035	531	529	-0.4
WI	1,268	1,272	2,095	2,140	2,656	2,722	2.5
24 State Total	8,941	8,886	2,056	2,064	18,386	18,341	-0.2

¹ Includes dry cows. Excludes heifers not yet fresh.

² Excludes milk sucked by calves.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Milk Production*, (May 2024).

Key Commodity Markets

Cheddar Cheese Chicago Mercantile Exchange

	40-lb. Blocks	500-lb. Barrels
May 10	\$1.9800 (+1.90¢/lb.)	\$1.9125 (+3.25¢/lb.)
May 17	\$1.9425 (-3.75¢/lb.)	\$2.1250 (+21.25¢/lb.)
May 24	\$1.8700 (-7.25¢/lb.)	\$1.9800 (-14.50¢/lb.)
May 31	\$1.8100 (-6.00¢/lb.)	\$1.9400 (-4.00¢/lb.)
June 7	\$1.8450 (+3.50¢/lb.)	\$1.9550 (+1.50¢/lb.)
June 12	\$1.9375 (+9.25¢/lb.)	\$2.0100 (+5.50¢/lb.)

Prices in dollars per lb. Weekly change () in cents per lb.

USDA/AMS

	40-lb. Cheddar Blocks: \$ per lb.	U.S. Sales (lbs.)
May 4	\$1.6505	10,319,739
May 11	\$1.7241	10,211,943
May 18	\$1.8160	10,504,857
May 25	\$1.8991	10,671,686
June 1	\$1.9324	9,766,766

USDA/AMS

	500-lb. Cheddar BARRELS: \$ per lb.	U.S. Sales (lbs.)
May 4	\$1.7747	13,016,808
May 11	\$1.8279	10,722,445
May 18	\$1.8787	12,246,829
May 25	\$2.0056	13,341,744
June 1	\$2.0419	11,531,672

Comments: Butter has a strong price upside in the third quarter. Global butter prices are spiking well above the current CME price. Low Cheddar output during Jan.-April leaves supplies a bit tight. Second half '24 will feature tight milk supplies and commodities.

Nonfat Dry Milk

Extra Grade & Grade A 'Mostly'

	Central/East	West
May 10	\$1.1000–\$1.1400 (NC) (NC)	\$1.0900 – \$1.1500 (NC) (NC)
May 17	\$1.1200–\$1.1650 (+2.00) (+2.50¢)	\$1.1000 – \$1.1600 (+1.00¢) (+1.00¢)
May 24	\$1.1600 – \$1.2000 (+4.00¢) (+3.50¢)	\$1.1200 – \$1.1800 (+2.00¢) (+2.00¢)
May 31	\$1.1600 – \$1.2000 (NC) (NC)	\$1.1300 – \$1.1800 (+1.00¢) (NC)
June 7	\$1.1600 – \$1.2100 (NC) (+1.00¢)	\$1.1400 – \$1.1900 (+1.00¢) (+1.00¢)

Prices in dollars per lb. Weekly change () in cents per lb.
Source: Dairy Market News

Grade AA Butter Chicago Mercantile Exchange

May 12	\$2.9900	(-8.50¢/lb.)
May 19	\$3.0700	(+8.00¢/lb.)
May 26	\$3.1225	(+5.25¢/lb.)
June 3	\$3.0900	(-3.25¢/lb.)
June 9	\$3.0925	(+0.25¢/lb.)
June 12	\$3.1050	(+1.50¢/lb.)

June 2024 Federal Order Class Prices

(per cwt.)

Class II: \$21.50 (+\$0.27); Class III: \$18.55 (+\$3.05);
Class IV: \$20.50 (+\$0.39)

June 2024 Product Price Averages

(per lb.)

Butter: \$3.0316 NFDM: \$1.1422
Cheddar: \$1.8706 Dry Whey: \$0.4108

Class II Butterfat: \$3.4706/lb. Class III/IV Butterfat: \$3.4636/lb.

Nonfat Solids: \$0.9647/lb.; Protein: \$1.7943/lb.; Other Solids: \$0.2181/lb.

Federal Order Class III (Dollars per cwt.)

	2022	2023	2024
Jan.	\$20.38	\$19.43	\$15.17
Feb.	\$20.91	\$17.78	\$16.08
Mar.	\$22.45	\$18.10	\$16.34
Apr.	\$24.42	\$18.52	\$15.59
May	\$25.21	\$16.11	\$18.55
June	\$24.33	\$14.91	
July	\$22.52	\$17.13	
Aug.	\$20.10	\$17.19	
Sep.	\$19.82	\$18.39	
Oct.	\$21.81	\$16.84	
Nov.	\$21.01	\$17.15	
Dec.	\$20.50	\$16.04	

Federal Order Class I Prices (3.5%) \$ per cwt.

Order	May '23	June '23
Northeast	\$21.71	\$23.33
Appalachian	\$21.86	\$23.48
Florida	\$23.86	\$25.48
Southeast	\$22.26	\$23.88
Upper Midwest	\$20.26	\$21.88
Central	\$20.46	\$22.08
Mideast	\$20.46	\$22.08
California	\$20.56	\$22.18
Pacific Northwest	\$20.36	\$21.98
Southwest	\$21.46	\$23.08
Arizona	\$20.81	\$22.43
All-Market Average	\$21.28	\$22.90

International

(U.S. \$ per lb.)

	Oceania	Europe
Cheddar	\$1.9510-1.9737	NA
Butter*	\$3.0966-3.4369	\$2.9832-3.3689
SMP**	\$1.2024-1.2477	\$1.1797-1.2818
WMP***	\$1.5313-1.5653	\$1.8262-1.9283

Prices from USDA as of 06/07/2024

*82% butterfat **SMP = Skim Milk Powder

***WMP = Whole Milk Powder

Oceania = New Zealand, Australia

U.S. Butter Prices Holding, NFDM Rises, Cheddar Slips after Run-Up, con't

Chicago Mercantile Exchange Dairy
Commodity Prices Wednesday, June 12, 2024

40-lb. Cheddar Blocks.....	\$1.9375/lb.
500-lb. Cheddar Barrels	\$2.0100/lb.
Grade AA Butter	\$3.1050/lb.
Grade A Nonfat Dry Milk	\$1.1900/lb.

Continued from page 1

duce 401.2 billion lbs. of Mozzarella (+6.1%), which includes volume for the substandard cousin, "pizza cheese." For January-April 2024, Mozzarella output totaled 1.583 billion lbs. (+4.3%). Important to note: Mozzarella "pizza cheese" are produced for perceived demand. High moisture content means those products do not age well beyond several weeks in fresh form. Strong Mozzarella production means perceived strong demand. Sources report that exports of Mozzarella/"pizza cheese" are very good in recent months.

Total Cheese: In April '24, the nation produced a total cheese volume of 1.186 billion lbs. (+1.8%). For this year's first four months, total cheese output was 4.751 billion lbs. (+0.5%). Basically, gains in Mozzarella offset lost volumes for Cheddar. At April 30, total cheese inventories were 1.459 billion lbs., according to USDA's Cold Storage Report. That inventory total is statistically close to total inventories from the previous two years

Butter: On June 12, Grade AA butter prices at the CME finished cash trading at \$3.1050 per pound. CME butter prices have plateaued close to the \$3.00 per pound mark. Compared to CME prices one year

ago, the current prices bouncing around \$3.00 are about 55 to 60 cents per pound higher than one year ago. Remember, 2023 saw CME butter trading peak at \$3.5025/lb. in early October.

Important to note: Global butter prices are spiking in recent weeks, according to Dairy Market News. CME butter prices are actually below butter prices in Oceania and Western Europe.

Opinions among industry figures vary regarding butter prices during this year's second half. Some see the \$3.00/lb. range as a plateau for 2024's second half. Others project a desperate scrum for cream and butter in late summer and fall that will propel butter prices at the CME above last year's peak – perhaps close to the \$4.00/lb. level. Overt optimists cite very tight global supplies of butter, which are driving recent price spikes in Western Europe and New Zealand.

In April, U.S. plants churned out 207.8 million lbs. of butter (+5.3%). For January-June 2024, butter volume in this country was 833.3 million lbs. (+4.9%).

Butter inventories are ahead of year-ago levels. USDA's Cold Storage Report listed 361.3 million lbs. of butter in U.S. warehouses, as of April 30, 2024. That total is 30 million lbs. higher than year-ago totals, and 44 million lbs. more than the March 31, 2024 butter inventory total. Analysis: Heading into 2024's second half with a little extra butter is no sin.

Dairy Protein Powders: CME trading for non-fat dry milk concluded on June 12 at \$1.1900/lb. Recently, CME nonfat prices have climbed out of the "low 1-teens." Industry players report milk powder supplies are tighter – particularly in the East.

At 173.4 million lbs. (-12.7%), April continued down-trending monthly nonfat dry milk production. Each of 2024's first four months registered significant declines in nonfat dry milk: January (-21.2%), February (-17.7%), March (-7.7%), and April (-12.7%). The net result for this year's first four months is 751.1 lbs. of nonfat dry milk production – a decline of 14.4% compared to the same period one year ago.

Hard to believe ... but USDA reported that "manufacturers' stocks" of nonfat at the end of April were 280 million lbs. That figure is a 47 million lb. increase (+20.4%) from the March 31, 2024 figure ... despite 10.5 million lbs. less output in April, compared to March. In April, manufacturers shipped only 123.3 million lbs. of nonfat. That's a 31 million lb. decline from the prior month's out-shipments.

Skim Milk Powder volume continues wallowing in the muck of depressed global export opportunities. In April, U.S. plants produced only 36.3 million lbs. of SMP (-20.8%). For the year to date, SMP volume is 157.7 million lbs. (-20.3%). No inventory data exist for SMP.

Cream multiple in Southeast peaking to \$1.40

During the second week of June, cream is tight in the Southeast. Tight supplies are driving the "multiple" as high as 1.40. That means the daily spot price for loads of cream cost 1.4 times the daily cash price for butter traded at the CME. Important to note: butter is 80% milk fat. Cream is perhaps 50%, so each truckload of cream sold on the spot market is tested for its milk fat content before the multiple is applied.

Cream is also tight in the Northeast.

Critical Thinking On Dairy's "Bird Flu" Threat

Increasing incidents of avian influenza infections in dairy cows threaten the very foundations of consumer confidence in our industry's food products, *IF* the fast-mutating virus further mutates to become harmful to humans and/or cows.

In the midst of numerous, fast-changing (and sometimes ineffective) recommendations and policies from federal and state agencies, many in dairy do not seem to grasp the potential harm to society and the industry, if the "bird flu" virus in dairy herds takes a turn for the worse.

Fact: Avian influenza infections in dairy herds are far more widespread than government data shows. Numerous dairy farm operators are simply refusing to test their herds: a "No-test, No-tell" mentality.

Fact: The H5N1 avian influenza is deadly to some mammals. 50% of cats fed raw milk from infected cows died in a recent lab experiment. Previous iterations of H5N1 killed over 10,000 sea lions and tens of thousands of seals along Argentina's coast last fall and winter.

Fact: Dairy farm workers are the front line troops exposed to potential cow-to-human transfer of the virus. The suggestion by the federal government that persons exposed to raw milk – farm workers, milk truck drivers, and dairy plant employees — wear hazmat suits is simply not feasible.

Fact: Bird-to-human and mammal-to-human transfer of viruses is a scientific fact. Every year, scientists probe rural China to try to scope out what forms of flu may go global later that year. Why rural China? Because some families there still overwinter in living quarters shared with their swine and poultry. That environment is ripe for existing mutant viruses to jump to humans.

Fact: If anything close to a worst-case scenario evolves from the bird flu infections in dairy cows, our century-plus efforts to image and market milk as a vital, nutritious product would be severely damaged. Dairy cannot afford to lose much of the equity and consumer demand we've built. United States' citizens cannot afford to lose the valuable nutrition that dairy brings to the table, every day.

How to try to protect our nation's citizens and dairy's interests?

1) Officially declare dairy farm employees as "essential workers." Clearly, the employees milking cows on America's dairy farms are on the first line of exposure for cow-to-human transfer of the H5N1 avian influenza. Problem is: about half of these vital cow-milkers are undocumented immigrants. They fear any interactions with government employees. Immigrants (documented and otherwise) often lack health insurance or sick leave. If dairy farm workers contract avian influenza from exposure to sick cows or infected raw milk but are not enumerated by medical authorities, efforts to document (and hopefully control) the cow-to-human spread of the virus are

consigned to failure. Attempts by health authorities to try to fathom the spread of bird flu in milking herds is also difficult because numerous dairy operators are not testing for the infection in their cattle. A dangerous "No test, No tell" attitude exists.

History lesson: During the early months of the Covid-19 outbreak, the federal government declared that workers in meat slaughter plants (documented or otherwise) were "essential workers." Those persons – working in dangerous, low-paying jobs – were mandated to stay on the job in slaughter plants to maintain the nation's meat supplies. For a while, the immigration enforcers backed off.

Let's be realistic. The United States could not feed itself without immigrant workers (documented and otherwise). On dairy farms, poultry operations, in produce fields and orchards, the food could not be harvested without immigrant labor. Further, immigrant labor provides a significant percentage of the workforce in food processing plants. Immigrant labor is absolutely essential to feed this nation.

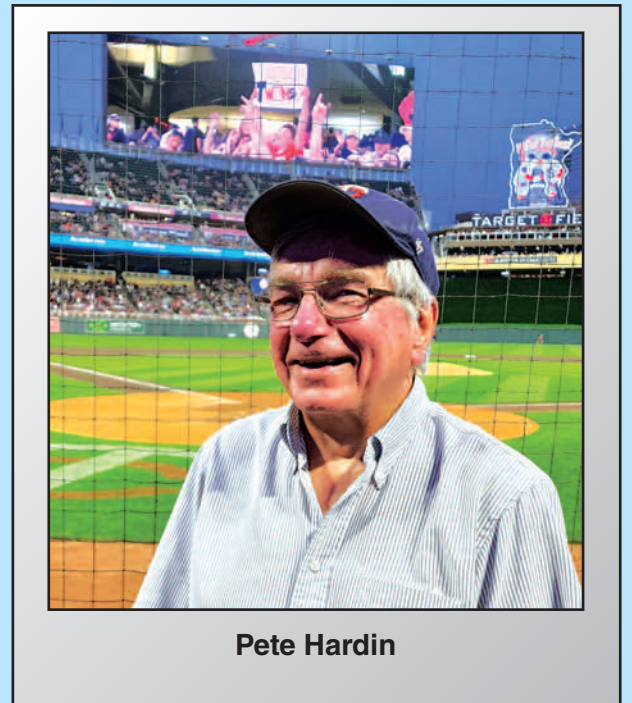
Solving multiple problems at once? Declare dairy farm workers "essential workers" and keep them on the job. (Same for poultry farm and meat plant workers.) Create a legal framework to keep them here, working – helping feed this nation. That way, farm and meat plant workers ought to be willing to receive health testing for potential bird flu infections in humans.

Repeat: Right now, too many in dairy are treating the avian influenza outbreak in milk cows as something to cover up, thinking it will ultimately go away. The news media and public are not going to ignore the evolution of avian influenza – regardless of the source. This virus continues mutating and poses a significant human health danger if worse comes to worse thorough further mutations. Covid-19 was real. Avian influenza is real.

Making dairy farm employees (documented and otherwise) "essential workers" and allowing them to stay working – helping feed this nation — is a move that might solve multiple problems. Conversely, threats by politicians to round up illegal aliens and send them back to *where ever* would compromise the dairy industry and make the public health threats posed by avian influenza even harder to track and, hopefully, to solve.

2) Ban consumption of raw milk. Unpasteurized milk from cows infected with avian influenza contains large amounts of the live virus. Recent research determined that about 50% of cats fed raw milk from bird flu-infected cows died. Laboratory experiments show that mice are quickly rendered ill by consuming infected milk.

For years, various government agencies – including the federal Food and Drug Administration – have tried to deep-six consumption of raw milk. Yet, as this nation is on the possible precipice of a human health epidemic that could be spread by infected raw



Pete Hardin

milk to other mammalian species, state government food safety agencies are not vigorously warning against raw milk consumption.

I've historically taken the attitude to let raw milk consumption be a matter of personal choice ... but no thanks for this old guy. For now, banning sale of raw milk and stiffly advising against raw milk consumption seem wisest. A couple years down the road, if the threat of avian influenza in dairy has passed, then government agencies could relax such strictures.

3) Ban feeding poultry litter to dairy cows. Talk about a "chicken-shit" practice The FDA regulates feed materials allowed for food-producing creatures (like dairy cows). Feeding poultry litter – the "stuff" from the floor of the poultry barn – to dairy cows is legal. In May, the *Capitol Press* (a weekly West Coast farm publication) carried a page 1 story quoting two trade associations vigorously defending the practice of feeding poultry litter to dairy livestock. Some nay-sayers are warning against the practice, to perhaps reduce the spread of avian influenza from poultry to cows.

I emailed one of the feed associations, asking the following questions to help solve my skepticism about feeding poultry litter:

- 1) How long does the avian influenza virus remain alive in the natural environment?
- 2) At what temperature (Fahrenheit) is the avian influenza virus rendered inert?
- 3) To what temperature must poultry litter be heated before it may be fed to dairy livestock?

Simple but important questions ... posed to a trade association that's vigorously defending feeding poultry litter to dairy animals.

The answer? None. Instead, the respondent told me to contact the FDA. So I emailed those questions to the FDA. But if experience is any guideline, I'm not holding my breath waiting for a timely reply from the FDA.

Dairy Livestock: New Realities Inspire Old-Fashioned Husbandry

This issue emphasizes dairy livestock matters – scarcity of heifers, higher prices for dairy livestock of all ages, enhancing heifer health ... etc. Along with several other seismic events, we've reached a point where it's obvious that sound dairy livestock are worth a lot more money than they were six months or a year ago. And that prices for these animals will generally continue rising.

For too many decades, these creatures that are the origin of all wealth in our industry have been regarded by some as disposables – "two and done" — milk 'em for two years and off to the Golden Arches. Going back 50 years, the main breeding ethic has been to increase milk volume for each subsequent generation. Along the way, breeding for overall soundness (feet, legs, etc.) devolved to a secondary consideration. More recently, breeding to gain higher-valued "black" calves.

Now ... and for years hence, ethics toward these animals must revive old-fashioned husbandry: breeding dairy cows for longer functional lifetimes. A simple measure: getting herds to average three calvings (and hopefully, through three lactations). In the fu-

ture, "two and done" is a prescription for failure.

In strategizing how to extend dairy cows' productive lifetimes, we need to look much more closely at a number of practices. I have a nucleus of friends who preach alternative practices – alternative milking systems, removing glyphosate from cropping practices so carcinogenic residues don't enter the cow's

metabolism, looking closely at water quality, assessing harm from stray voltage. Genetic considerations are just the start of far wider considerations of farming practices that may enhance the dairy cow's working lifetime.

What a complex, vital industry we're in. And all wealth begins with the healthy heifer calf.

Dairy Publications' Ownership Changes

Two of the dairy industry's best publications have recently undergone ownership changes.

Cheese Reporter – the premier weekly newspaper of the dairy industry – has been acquired by a Virginia-based publishing firm, The Meloria Group. Long-time publisher/editor Dick Groves will continue as editor. Groves has been with *Cheese Reporter* since an undergraduate internship in 1980. Dick is an encyclopedia of dairy industry knowledge and history.

Graze – an excellent niche publication dedicated to the wide variety of issues and challenges involved in grazing agriculture (livestock and poultry) – has been sold by owners Joel and Ruth McNair. The new

owner is DGA Innovations, Inc. Joel McNair – one of dairy's best journalists and critical thinkers – will scale back his editorial duties. Martha Hoffman Kerestes is the new managing editor. She is a farm woman and has written numerous feature articles for *Graze* during the past few years. (Disclosure: Joel and Ruth are my brother- and sister-in-law.)

Dick Groves and Joel McNair are two of the finest journalists of their generation among those who reports dairy and agriculture. They are also close personal friends. Joel's wife, Ruth, is a priceless asset at *Graze*. Good folks, all!

Price and Volume Changes, April-May Dairy Retail Data: 2023 & 2024

by Pete Hardin

Keeping close watch on supermarket dairy foods' sales trends is important, especially in these times when many households' food budgets are cash strapped.

The accompanying two bar graphs depict retail sales performance of basic dairy products for April-May 2023 and 2024. The colored bars represent percentage changes for those two-month segments, compared to volumes during the prior year.

Two significant trends have been at work during the past year-plus. First, in early 2023, the federal government terminated Covid-19 related additional financial allocations to families receiving SNAP benefits (formerly called "food stamps.") Those benefits eliminated a significant amount of food spending power from families on SNAP assistance.

The second event influencing retail food purchases is inflation. Food inflation is the leading gripe among U.S. citizens, according to an opinion poll released in late 2023. Food inflation is eroding consumers' food purchasing power and forcing some tough choices.

In the accompanying bar graphs, the blue bars represent 2023 data (vs. the same period in 2022), while the copper colored bars cover 2024's performance (vs. 2023).

The top bar graph compares sales volumes for the array of dairy products. The lower bar graph compares average sales prices.

The data is summarized from NielsenIQ, a firm that provides retail checkout sales data to its clients. Here's our quick analysis of the bar graphs.

April-May retail volumes ...

Three dairy product categories showed sales volume growth for the April/May period during both 2023 and 2024: cottage cheese, cream, and Half & Half. But only cottage cheese was able to beat sales volume growth in 2024, compared to 2023's data. Cottage cheese demand is on a dramatic uptick. (See related article, this issue.) We attribute the retail volume gains for cream and Half & Half to more home-brewing of fancy coffee beverages ... which, for many folks, require adding cream or Half & Half to yield perfection.

We should note that butter enjoyed a retail volume gain in 2023, but 2024's volume slid below 2023.

Total sales volumes for fluid milk, sour cream and yogurt all showed declines in both April/May 2023 and 2024. For 2024, milk volume and yogurt volume recovered some of the lost volumes they'd suffered in 2023. In fact, Class I milk processed during 2024's first four months was actually a fraction ahead of 2023's total Class I use, according to USDA data.

For both April/May 2023 and 2024, retail sales of cheese and ice cream were a tiny fraction higher than for the same period in the prior year. However, those increases were so miniscule as to be almost invisible to the naked eye on the bar graphs.

Summary: On the whole, retail dairy sales held their own pretty well during April/May 2024, except for butter. The butter sales data may have been unduly low in 2024 because the Easter holiday weekend happened so early this year. Easter was April 2 this year. So most pre-Easter food shopping took place in late March.

April-May retail prices ...

Measures of April/May average retail prices reflect interesting realities. Except for fluid milk prices, all other dairy categories in 2023 (blue bars) showed sharp upwards spikes. That's because supermarket prices for dairy products were playing "catch-up" relative to 2022's spike in farm milk prices. (Remember: 2022 was the spectacular year for farm milk values, to which processors and retailers palyed catch-up with price increases). Therefore, 2023's blue bars on the retail price bar graph are sobering in terms of price inflation. The high-fat products such as butter, cream, Half & Half, ice cream and sour cream all felt the upwards price poke from butter prices.

For April/May 2024, retail dairy products' prices generally kept climbing, but at a significantly lower rate than for 2023. Interestingly, the two biggest volume sellers – fluid milk and cheese – actually registered **lower** retail prices in April/May 2024 than for that same period one year prior. Important to note: Dur-

Cream Costs, Cocoa Shortage to Boost Ice Cream & Candy Prices

Word on the street is that Breyer's Ice Cream will be reducing the number of SKUs by about one third.

The outlook for 2024's cream costs is for cream to be as expensive, or more expensive, than it was during 2023's record highs. Currently, butter prices are about 60 cents per pound higher than they were one year ago. As noted on page 10 of this issue, cream multiples are starting to rise. Cream is tight in the Southeast and Northeast regions. Another headache for the ice cream and candy industries: severe drought in Central Africa is reducing the cocoa harvest and resulting shortages will significantly drive up costs for foods and snacks containing chocolate.

Looking ahead, ice cream lovers visiting their supermarket may find the following: fewer flavors/varieties, higher costs (particularly for anything with chocolate, and perhaps more shrinking package sizes. So-called "shrinkflation" is a factor that government measures of food costs may not be factoring into their inflation indices.

Water, Water ... Not Quite Everywhere, But Ample

Very recent measures of water supplies and soil moisture levels in the United States reflect big changes for water issues.

First off ... California's major reservoirs as of June 5 were bulging. Never in the decade-plus that we've been watching California's reservoirs' water content has the state's water storage capacity been so full. A quick estimate is that the state's average reservoir capacity in early June was about 95%. Giant reservoirs such as Shasta and Oroville were at 94% and 100% capacity. Only the smaller Sonoma (68%) and San Luis (58%) were lower than 87% of total capacity. About the only water worry for California

would be if the late spring heat waves melt the snow-pack in the mountains too quickly.

Then there's the U.S. Drought Monitor map. Precipitation in many areas of the country has eased drought concerns in many agricultural areas. Drought remains in Washington State, Arizona, New Mexico, Southwest Texas, western Kansas, western Oklahoma. Where drought persists, measures of intensity have been scaled back.

Heading into early summer, moisture supplies appear adequate in most agricultural regions of the United States.

Europeans Quickly Quit Bad-Mouthing U.S. Raw Cheeses

Somebody is always eager to gain a competitive edge ...

A source reports that when avian influenza hit U.S. dairy farms, European cheese marketers were quick to contrive the specter that raw milk cheeses sold globally by United States-based firms might contain the virus.

That caused some export buyers to become concerned. But then U.S. marketers cogently reminded their European counterparts of several facts:

- The HPAI H5N1 avian influenza was origi-

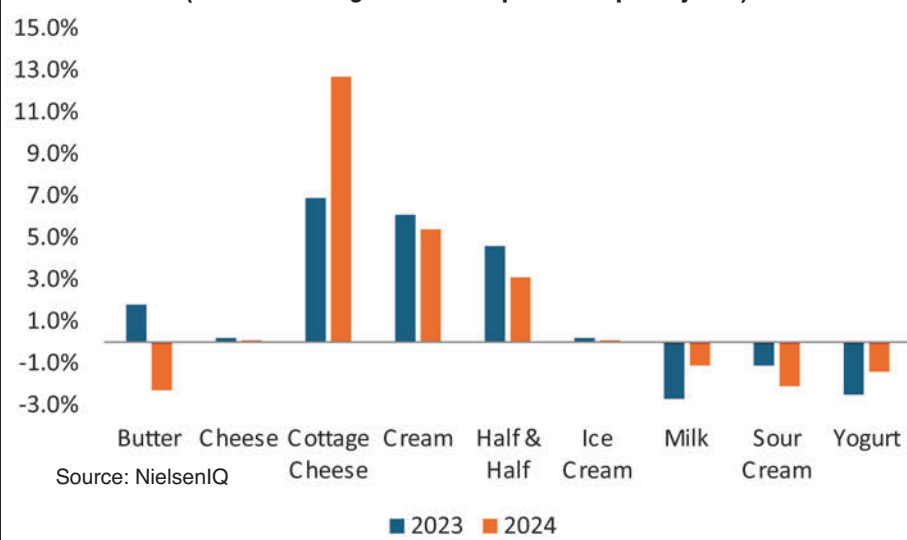
nally tracked as crossing the Atlantic in 2020 from Europe to Canada's eastern Provinces.

- Raw milk cheese must be aged for 60 days before it is consumed. That 60-day period is deemed adequate to render inert any harmful bacteria or viruses.

- Many high-end European cheeses marketed globally are raw-milk products.

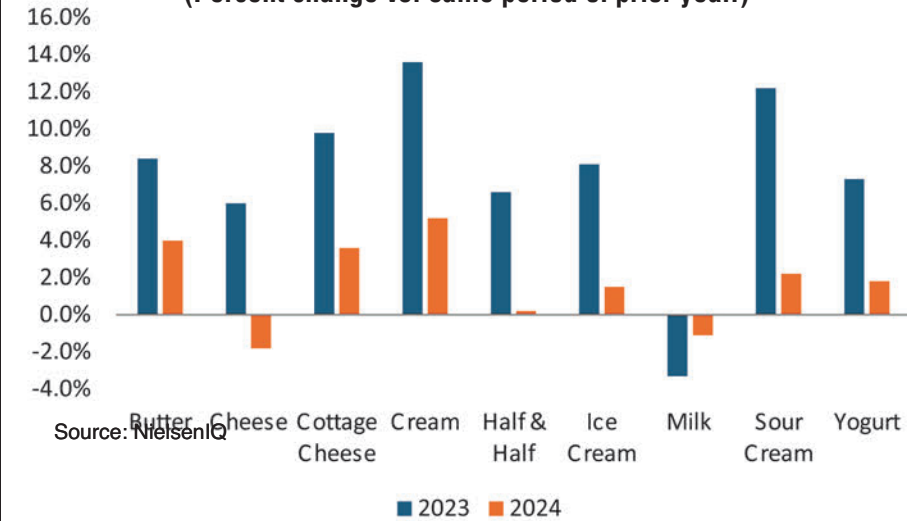
After that reminder, European cheese marketers' denigrations of U.S. raw milk cheese exports were quickly silenced

U.S. Dairy Volume by Category: April + May 2024 vs. April + May 2023 (Percent change vs. same period of prior year.)



This graph depicts percentage changes (+/-) in retail sales volumes of selected dairy products for the periods April/May 2023 and April/May 2024, compared to the same two months for the prior years. Cottage cheese, cream and Half & Half showed gains in both years.

U.S. Dairy Pricing by Category: April + May 2024 vs. April + May 2023 (Percent change vs. same period of prior year.)



This graph shows percentage changes (+/-) for retail prices of selected dairy products for the period April/May 2023 and April/May 2024. The changes are calculated against prices for those two month period, compared to the same two months of the prior year.

ing 2024's early months, processors' costs for milk fat were substantially higher than in 2023. Therefore, higher average retail prices for this bar graph may be generally credited to an honest pass-through of raw product costs for butter, cream, Half & Half, ice cream and sour cream.

Cottage cheese volume sales were on a positive roll, up roughly 13% in April/May 2024. Half of cottage cheese production is for creamed cottage cheese – a full-fat product.

Summary: On the whole, retail price changes for April/May 2023 and 2024 bear their own legitimate explanations. In 2023, those noticeably higher retail prices were trying to "catch up" to the prior year's very high raw milk costs. And for April/May 2024, lower raw product costs for cheese and fluid milk were passed through to consumers as lower retail prices. But higher prices for milk fat during early 2024 helped push up prices for high-fat consumer products.

After all is said and done, overall retail dairy sales have performed fairly well during this time of food cost inflation and tighter household finances. And the relative price increases for April/May 2023 and 2024 have reasonable explanations.