

# Dairy News

## July 2000

### Forage Analysis

Wesley S. Farmer

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Spring forage production was sporadic at best in Mississippi. The lack of rainfall left many producers with very little pasture and hay growth. However, the need for forage analysis is still extremely important. Proper ration balancing requires forage analysis data.

Mississippi producers have two options for getting their forage samples analyzed. The chemical laboratory at Mississippi State University offers Mississippi residents \$100.00 credit each year, which can be used for forage analysis. The second option for forage analysis began in 1992 when Mississippi and Louisiana formed a Memorandum of Understanding for sharing research data between states, holding joint Extension programs and allowing Mississippi producers to use forage analysis services at the Southeast Louisiana Research Station Forage Laboratory in Franklinton, Louisiana. There is no charge to the producer for forage analysis at the Franklinton lab because of an annual grant paid by MSU to cover the cost of analyzing Mississippi samples.

Both labs offer quality services with consistent results because standard practices and conversion formulas are used at both locations. In addition, efforts have been made at both labs to speed up turnaround time and get the results back to producers as fast as possible.

Samples sent to the Mississippi State Chemical Laboratory should be accompanied by a submission form (Extension Form 273). Once the analysis is complete, Extension subject matter specialists review the results and make recommendations if needed. The original is mailed directly to the producer and a copy is sent to the county agent.

Samples submitted to the Franklinton lab should also be accompanied by a form, which is available at your local Extension office. After the sample is analyzed the results are emailed to the county Extension office where hard copies are printed and mailed to the producer.

Here are some guidelines for collecting forage and feed samples.

1. First separate forages and feeds into lots by field, cutting, or variety.
2. Sample from enough locations or bales to provide a representative sample.
3. Use a Penn State forage sampler available at your MSU Extension Service office for sampling hay. Grab samples are adequate for silage and grains.
4. Mix thoroughly and collect approximately one pint to one quart of feed or forage in an air-tight container. Ziplock plastic bags work well but remember to remove the excess air from inside the bag before sealing.
5. Label the sample with the owner's name, sample identification or number and type of forage or feed.
6. Submit each sample with a form that is available at your MSU Extension Service office. Samples are best when mailed as priority mail at the first of the week to reduce shipping days.

Standard analysis for forage and feed samples include dry matter percent, crude protein, acid detergent fiber (ADF) and total digestible nutrients (TDN available only for common forages). The MSU Chemical Lab will also report pH for silage.

Additional analysis for minerals and mycotoxins can be requested as well.

In 1999 over 1000 Mississippi forage and feed samples were analyzed by the two laboratories. However, these samples only represented less than 300 dairy, beef and forage producers in Mississippi. I challenge each of you to either begin forage sampling or continue having your forages analyzed. The benefits are great and the cost for you the producer is very low, and even free in some cases.

## **Commercial Dairy Heifer Project**

The 2000 Dixie National Junior Roundup held in February marked the beginning of a new dairy show and project for 4-H and FFA youth in Mississippi. Nineteen non-registered dairy heifers were shown at the state show in Jackson. Several other States have similar youth programs that have been extremely successful.

The commercial dairy heifer project offers opportunities for more youth to participate in dairy shows across the state. Many of the county and state fall dairy shows are including commercial dairy heifer classes in their program. Commercial dairy heifers will also be shown at the 2000 Mississippi State Fair as well as the 2001 Dixie National Junior Roundup.

Rules for the commercial heifer show are:

1. Non-registered dairy heifers who are the offspring of purebred or mixed dairy cattle. (i.e. Holstein, Jersey, Holstein/Jersey cross, etc.)
2. Heifers must weigh between 200 and 750 pounds at the time of weigh-in at each show.
3. Heifers must be owned and cared for by 4-H or FFA youth on or before August 1, 2000 for the 2000 MS State Fair and December 1, 2000 for the 2001 Junior Roundup.
4. Commercial dairy heifer exhibitors are eligible to compete in showmanship classes along with the registered exhibitors.
5. The heifers will be divided into classes by weight.

Other rules may also apply depending upon show management.

Please assist us in promoting this new project. If your children or even your neighbor's children are interested in this project, contact your local 4-H youth agent or FFA advisor. Additionally, if you are willing to sell commercial dairy heifers for youth projects, either outright sale or with a first option to purchase back your heifers at the completion of the project, please let us know.

## **Dr. Tucker Leaves MSU-ADS**

Dr. Bill Tucker has resigned his position as Associate Professor in the Animal and Dairy Science Department at Mississippi State University effective June 30, 2000. A native of Mississippi, Dr. Tucker came to MSU in 1991 and has taught numerous dairy courses as well as conducting many research projects. In addition, Dr. Tucker has been in charge of the MSU Dairy Research Center near campus.

Dr. Tucker and his family will be moving to McComb, Mississippi where his family still operates a 200-cow dairy farm. Dr. Tucker will be taking over the farm from his father, Mr. Jimmy Tucker who is planning to retire. He and his wife Linda have two children, Amanda and Bryan.

A search for candidates to interview for Dr. Tucker's vacated position has already begun. It is anticipated that the position will be filled by the end of the year.



## **Upcoming Events**

July 27 – Neshoba County State Fall Dairy Show

Neshoba County Fair, Philadelphia, MS

July 28 – Newton County State Fall Dairy Show

Newton, MS

Aug. 31 – Tupelo State Fall Dairy Show

Lee County Ag. Complex, Verona, MS

Sept. 16 – Columbia State Fall Dairy Show

Columbia, MS

Oct. 12-14 – Mississippi State Fair Dairy Shows

Fairgrounds, Jackson, MS

Nov. 9 – Mississippi/Louisiana Dairy Mgt. Conference

Percy Quin State Park, McComb MS

## MAY 2000 HONOR ROLL HERDS\*

DAIRY	COUNTY	NO. COWS	LBS. ECM	2X 3X	Rolling Herd Average			
					MILK	FAT	PROT	DOT
HERITAGE DAIRY	TATE	415	80.3	2X	23647	948	761	05/15
RONALD H CLARK	LINCOLN	78	73.4	2X	21415	752	710	05/02
DIXIE DAIRY SALES	CARROLL	312	73.2	2X	18883	742	594	04/29
THOMPSON BROTHERS	MARSHALL	136	70.5	2X	20949	792	679	05/01
BRAD BEAN	AMITE	222	69.4	2X	21871	821	703	05/11
TIM WEEKS	COPIAH	67	65.6	2X	22402	802	739	05/16
JEFCOAT & WILLIAMS DAIRY	JONES	66	65.3	2X	20498	692	647	05/03
MELVIN NICHOLSON	NEWTON	123	65.2	2X	22446	787	756	05/24
COASTAL PLAIN EXP STA	NEWTON	145	64.4	2X	21734	756	691	05/15
J & J JERSEY	JONES	12	63.9	2X	16284	724	601	05/03
DANNY WALTER SISCO	LINCOLN	99	61.2	2X	18993	579	595	04/27
DIXIE DAIRY SALES	CARROLL	310	60.7	2X	18703	759	586	05/29
G & B DAIRY	LINCOLN	79	60.1	2X	19526	787	711	05/17
ROWZEE JERSEY FARM	NEWTON	151	59.4	2X	17496	820	680	05/21
CAL MAINE FOODS DAIRY	HINDS	1632	59.3	3X	19654	712	625	05/20
NORTH MS BR EXP STA.	MARSHALL	106	58.3	2X	20990	735	670	05/10
KNIGHTS DAIRY FARM	JONES	136	56.9	2X	20706	706	683	05/08
TODD & JERRY BULLOCK	PIKE	120	56.6	2X	17901	639	576	05/01
DAVID ROBINSON & SONS	RANKIN	131	56.2	2X	19966	707	617	05/15
PAT ARD	LINCOLN	159	55.8	2X	15963	598	536	05/02
CORY CLEVELAND	PIKE	36	55.5	2X	14470	595	537	04/27
LEON BARDWELL DAIRY	LINCOLN	47	54.1	2X	20368	633	640	05/06
A L BOYD JR	WALTHALL	79	53.4	2X	20878	657	668	05/23
JOHN T MCREYNOLDS	OKTIBBEHA	120	52.8	2X	17462	569	557	05/03
RAY GALLOP AND SONS	MONROE	76	52.0	2X	18345	605	581	05/23

**Top 25 herds enrolled on supervised DHIA testing programs by test day energy corrected milk for all cows.**

\*\* ECM = (.3246 x test day milk) + (12.86 x test day lbs. fat) + (7.04 x test day lbs. protein)



### June 2000 BFP Price

Dr. C. W. "Bill" Herndon  
Dairy Economist, MSU

### Class I Milk Price Increases by 5.1 Percent to \$15.56

With the USDA's implementation of Federal Order reform on January 1, 2000, this newsletter began reporting the Advanced Class I milk price as a barometer, or indicator, of the direction and magnitude of movements in milk prices. The Advanced Class I milk price is to be announced by the USDA each month on the Friday on or before the 23<sup>rd</sup> of each month and will represent the Class I milk price for the next (or subsequent) month. Thus, the USDA announced on June 23 that the July 2000 Advanced Class I "base" milk price was \$12.46 per cwt. (for 3.5% butterfat milk). After adding the \$3.10 Class I price differential for the pricing zone which includes Atlanta and Starkville (Oktibbeha County) to this "base" price, the Advanced Class I milk price for June will be \$15.56 per cwt. (Please review the map located on the back page of this newsletter and note that the Mississippi counties grouped in Zones 6, 7 and 8 are ALL part of the \$3.10 Class I price differential area.)

While the intermediate-term market outlook for dairy product and milk price is "discouraging", the onset of hot and dry summer weather across most regions of the country has curtailed milk production and reduced the amounts of milk "flooding" the market. Thus, the near-term prospects for milk prices have improved and where most observers believe that milk prices will increase 15 to 20 percent by this October or November. Despite this bit of "good" news, dairy

farmers still must try to bargain with and negotiate the dismal forecast of low milk prices during most of 2001. Cheese prices have shown an 10 percent increase in both block and barrel prices during the last half of June which have been attributed to the weather related downturn in milk output. However, nonfat dry milk (NDM) prices continue to remain at government support levels which points to the prolonged period of increased milk production. Despite seven straight months of Class III milk prices at or near the government support level, few dairy producers seem willing to reduced the number of cows in their herds. May milk production statistics again illustrate these trends in that (in the 20 reporting states) there were about 63,000 more cows being milked and these cows produced an average of 28 more pounds per cow when compared to May 1999. While hot, dry weather has prompted milk output to suffer significantly across the South, the spring peak in production has begun to ebb in the North and the Upper Midwest. Florida milk handlers have reduced their pace of milk exports to about of 60 to 70 truckloads to processors located outside the state and region (this compares to zero loads exported during these weeks of 1999). These "excess" milk supplies have held down dairy product prices to near USDA support levels and has forced the USDA's Commodity Credit Corporation (CCC) to sustain their practice weekly purchases of 12 to 15 million pounds of nonfat dry milk and cheddar cheese products. The recent onslaught of summer conditions have caused a decline in milk output and dairy industry observers predict that milk prices will begin their usual seasonal upward trend in July with Class III prices edging above the \$10.00 per cwt. for the first time since December 1999. Then, milk prices should demonstrate a slow and methodical recovery through the fall deficit months approach and should reach a "usual seasonal" peak in either October or November. Butter prices have given up some of the 25% increase witnessed in April and May, but cheddar cheese prices shown strength during mid-June. The strength in butter and cheese prices have provided evidence of some hope for a recovery in dairy product prices which should promote a \$2.00 to \$3.00 per cwt. in Class I milk prices over the next several months. The July Advanced Class I price (for the Atlanta and Starkville, Zones 6, 7 and 8) was reported at \$15.56 per cwt. and represents an INCREASE of 76 cents per cwt. (+5.1%) ABOVE the corresponding May price of \$14.80. The July 2000 Class I price is \$1.22 cents per cwt. (or +8.5%) GREATER than the July 1999 Class I price of \$14.34. Dairy producers need to remember that the July Class I price will be the most important factor that will influence the revenues derived from the sale of their milk produced during July. Because 60-plus percent of Mississippi milk is utilized as Class I products, farmers will not realize any increases in revenues from this 76-cent increase in the July price until they receive their "settlement" checks in mid-August as payment for milk sold in July 2000.

Milk Production. While many factors indicate that milk production is falling, excessive milk supplies continue to afflict the U.S. dairy industry and have resulted in the lowest milk prices encountered since 1978. However, these extremely low milk prices have not prompted dairy farmers to neither increase culling of their dairy herds nor decrease the nutrients fed these cows. Thereby, national milk production increased 2.6% (or 376 million pounds) between May 1999 and May 2000 from milking 63,000 (9,000 more cows than in April 2000) more cows which yielded an average of 28 more pounds per cow. A comparison of the statistics for these same two months of May found that for the 20 states which the USDA reports monthly data found that 16 states recorded increased output while four states noted only small decreases in production. Of these 20 states, the greatest increases in May to May output were registered in Idaho (+14.0%), New Mexico (+12.2%), Indiana (+10.7%), Kentucky (+6.0%), Arizona (+5.4) and California (+4.8%). The only states recording a decline in milk output between these months were Michigan (-3.3%), New York (-2.3%), Missouri (-1.0%) and Minnesota (-0.2%). The hot and dry weather that has already caused milk output to fall across the southern tier of states has begun to trim milk production across the Northeast and Upper Midwest regions. As hot temperatures stress milk cows, dairy farmers are expected to begin culling some of their herd as the cost of retaining selected animals become "more costly" under summer weather conditions. But, nobody expects cow numbers to decline considerably during the next 6 to 12 months. Thus, increased milk output and excessive milk supplies are likely to continue to trouble the dairy industry through most of 2001.

Dairy Product Prices. The combination of decreased demand for fluid milk products caused by school summer recesses and the decreasing supplies of raw milk due to hot, dry weather has resulted in mixed price movements for dairy products. While nonfat milk powder remains at the CCC support price level, butter and cheddar cheese prices seem to be headed in different directions during June. The remarkable price increases in Grade AA butter witnessed in April and May have suffered a reversal and have declined about 15% from the peak of \$1.3700 per pound reported on May 26. However, cheddar cheese prices have shown a surprising upward movement of almost 16% during the first half of June and this has been attributed to the seasonal decline in milk output. Cheese prices bolted well past the USDA/CCC support price level of \$1.10 and \$1.085 per pound for 40# block and barrel cheddar cheese, respectively. On the Chicago Mercantile Exchange (CME), 40# block prices were reported at \$1.0900 on May 19 and have displayed a steady upward trend and were \$1.2600 on May 19 -- a 17-cent (+15.6%) increase over this 5-week period. Barrel prices have trended upward since late May when the CME reported a cash price for 500# processed barrel cheddar cheese at \$1.0625 per pound on May 19

compared to \$1.2250 on June 27 – a 16.25 cent (+15.3%) increase during this time period. Despite the hot weather that usually means increased ice cream sales and higher butter price, the butter market is in a confused and “unsettled” state with butter prices declining, unexpectedly. On June 27, the Grade AA butter price was \$1.1575 per pound compared to \$1.3350 on May 19 -- a decrease of 17.75 cents (-13.3%) per pound. The decline in butter prices has been blamed on the June 13 Cold Storage Report that recorded a 72% increase in U.S. government-owned holding between May 31, 1999 versus May 31, 2000. Grade A NDM prices on the CME continue to remain absolutely constant near the government support price level and have been recorded at \$1.0300 per pound since September 1999. While the amount excessive raw milk supplies have ebbed, the CCC has maintained its weekly purchases of non-fortified and fortified NDM along with processed and block cheddar cheese during May and June. Between October 1 and June 23, the CCC has purchased more than 375 million pounds of NDM and 6.7 million pounds of processed and block cheddar cheeses.

Near-term Market Outlook. The recent upward movements of cheddar cheese prices (and butter prices in May) have improved the rather dreary dairy market outlook for 2000. Butter and cheddar cheese prices have begun to recover and milk prices are expected to display their usual upward seasonal trend through the rest of this summer and into the fall. However, the recent strength in cheese prices during June should continue the upward movement in Class I milk prices with the August Advanced Class I milk price for Mississippi (Starkville zone) reaching the \$16.25 to \$16.50 per cwt. level. Heat stress has already started to curtail milk output per cow and restrain milk supplies and this should continue through the end of September. When coupled with the normal increases in dairy product demand due to the opening of school this fall, milk prices are likely to peak sometime during the fall (usually during October or November) with Class I milk predicted near reach the \$16.50 to \$17.00 level. The June Class III (which replaced the BFP) is expected to remain just below the \$9.50 per cwt. level and be reported near \$9.50 level. The CME reported on June 27 that the Class III futures contracts settlement prices were \$9.47 for the June contract, \$11.01 for July, \$12.17 for August, and \$12.67 for September. While the “spring flush” has ended, milk supplies still exceed demand for dairy products and very few dairy industry analysts predict any dramatic increases in milk prices during 2000 and 2001. However, July should be the month when the dairy market begins to see a slow and gradual seasonal price increase through the rest of this summer and fall. However, dramatic and significant near-term price movements could occur with changes in summer weather and/or significant dairy herd culling that would curb excessive milk supplies. Dairy farmers and forecasters need to remain cautious and remember that milk prices during the past decade have been *very* volatile and (wildly) responsive to weather conditions, forage quality and availability, feed costs, and dairy policy and programs that have influenced the quantity of milk production.

### **Butter and Class I “Mover” Price Benefit Farmers**

The implementation for federal milk order reform on January 1, 2000 by the USDA has affected how milk is priced in many ways. One of the most significant features of this “revised” classified milk pricing system is how butter prices have been allowed to have more influence dairy farm revenues and incomes. Under the previous milk pricing system, cheddar cheese prices were by far the most important factor (butter had very little impact) that dictated the level of milk prices received by farmers. Today, the prices of *both* cheese and butter have an equal chance to induce a change in mailbox milk prices. As was described in the June issue of this newsletter article, the Class I “mover” price was designed to allow dairy farmers to NOT be penalized and suffer lower milk prices and revenues when cheese prices are relatively lower than butter prices. For the July “Advanced” Class I price, there was a \$3.20 per cwt. difference between the Class III and Class IV Advanced Skim Milk prices and the Class I “mover” used the higher of these two prices. Thus, the Class IV skim price of \$7.71 was used (instead of the \$4.51 Class III skim price) to calculate the July Advanced Class I price of \$15.56 per cwt. (in the Starkville and Atlanta price zone). So, this Class I “mover” price feature continues to produce significantly more milk sales revenues for Mississippi and other dairy producers.

The strength of butter prices (and the subsequent increased value of butterfat) has been the almost singular bright spot in the dairy market and industry during 2000. The revised classified milk pricing system used federal order reform is currently allowing dairy farmers to realize additional revenues from milk sales due to the relatively higher butter prices experienced during the past six to eight months. While some elements of federal milk order reform may cause farm-level milk prices to be lower than under the “old” pricing system, clearly it appears that the Class I “mover” price (and permitting butter prices to have an equal opportunity to influence farm milk prices) has been of great benefit to dairy producers. This is particularly true for dairy farmers in Mississippi and across the South where more than 60 percent of the milk they produce is used in Class I dairy products.

### **Southeast “Blend” Price Up 52 cents, \$13.40 in May**

The Southeast Federal Order Milk Market Administrator reported the May 2000 "blend" or uniform price for milk delivered in the Atlanta and Starkville "base" zone of Federal Order (FO) #7 was \$13.40 per cwt. for 3.5% butterfat milk. (Please see the Mississippi map for zones where Zone 5 is minus \$0.20, Zone 6, 7 and 8 are the "base" zones, Zones 9 is plus \$0.20, Zone 10 is plus \$0.30, and Zone 11 is plus \$0.40 per cwt.) The May "blend" price of \$13.40 for the "base" zone of FO #7 represents a INCREASE of 52 cents per cwt. (+4.0%) compared to the April price of \$12.88. The May 2000 blend price is 63 cents per cwt. (or -4.5%) BELOW the May 1999 blend price of \$14.03. Average butterfat test in each of the four milk class categories has a direct impact on the value of milk pooled in FO #7 and the amount of milk revenues available to be distributed to dairy farmers (but NOT reported in this newsletter). For May, the respective butterfat price and the average butterfat test for each milk class were: Class I, \$1.1559 per lb. and 2.191%; Class II, \$1.2924 per lb. and 7.979%; Class III, \$1.2854 per lb. and 3.904%; and, Class IV, \$1.2854 per lb. and 6.698%. Factoring the average butterfat test (or number of pounds of butterfat) with the pounds of skim milk used in each of the four milk classes provides what this newsletter will describe as the "net" milk price for each class of milk. The May "blend" price of \$13.40 per cwt. was determined using the following factors: (1) a "net" Class I price of \$13.04 on 61.33% of the milk marketed; (2) the "net" price for Class II of \$18.04 on 10.10% of the milk; (3) a "net" price of \$9.87 on 19.57% of the milk used for Class III products; and, (4) the "net" Class IV price of \$15.78 on 9.00% of the milk marketed. This newsletter will be publishing a "revised" map of Mississippi depicting the changes in the pricing zones which were the result of federal order reform, but this "new" map is not yet available at this time of publishing in this newsletter.

**Uniform or "BLEND" Price – May 2000**

<b>North Mississippi:</b>	<b>\$13.20</b>
<b>North Central Mississippi:</b>	<b>\$13.40</b>
<b>South Central Mississippi:</b>	<b>\$13.60</b>
<b>South Mississippi:</b>	<b>\$13.70</b>
<b>Coastal Mississippi:</b>	<b>\$13.80</b>

**Class I Price for July 2000 (Advanced Price)**

<b>North Mississippi:</b>	<b>\$15.36</b>
<b>North Central Mississippi:</b>	<b>\$15.56</b>
<b>South Central Mississippi:</b>	<b>\$15.76</b>
<b>South Mississippi:</b>	<b>\$15.86</b>
<b>Coastal Mississippi:</b>	<b>\$15.96</b>