

## **Dairy News**

**October, 2000**

### **Using the Internet to Find Dairy Management Information**

Dr. Angelica Chapa  
Extension Dairy Specialist

The Internet and World Wide Web have transformed the way that people access information. The Internet allows anyone to sit down, punch a few keys and have what they are looking for come up in front of them-easy. But, nothing is really that easy. Anyone, who has tried to find a specific piece of information and given up in frustration, knows there are drawbacks in using the Internet. The biggest complaint is the time needed to read and wander through the tremendous amount of information, which is usually not organized, returned from a typical search. Although not all topic areas have this problem, information on the Internet regarding the dairy industry comes from a variety of sources. Some of these sources include universities and colleges, private industry, magazines, breed organizations, and the federal government. Since all these resources are not linked together, deciding where and how to start searching can be a challenge.

#### **Distribution of Information on the Web**

The Web can be thought of as a gigantic digital library with a 15 billion word search. Estimates as of 1999, show that the publicly indexable web contained approximately 800 million pages with 83% of the sites containing commercial content (.com sites) and 6% containing scientific content. Because of the rapid growth and changing nature of the Web, search engine coverage relative to the size has decreased, with no engine indexing more than about 16% of the web. To have a comprehensive list of all sites, all the web pages would have to be indexed simultaneously, but because Web sites are constantly added, removed, or changed, this is not currently possible.

#### **Searching the World Wide Web**

There are two basic approaches for finding information by using either a **subject guide** or a **search engine**. Subject guides, such as Yahoo, Look Smart, and Magellan, are generally used for browsing general topics (i.e. forages), but a search engine is better suited for finding specific information (heifer raising). The six major full-text search engines, Alta Vista, Excite, HotBot, Infoseek, Lycos, and Northern Light, do keyword searches against a database. A common complaint about search engines is that they list too many pages and many of these are irrelevant. As a result, a good deal of time is spent trying to find the important information. The results from each search are influenced by variety of factors including, the size of the database, frequency of update, search capability and design, and speed. The listing of new or changed pages by a major search engine can take months. One study showed that search engines are more likely to list sites that are popular and search engines are more likely to list commercial sites than educational sites.

Another important disadvantage of using the Internet is the lack of quality control. There is no review process for putting information on the Internet. Web sites can contain personal bias, misrepresent facts, or contain no factual information. You must not only consider whether the information is relevant to your current situation, location, and resources, but also whether the web site you are reading is credible.

### **PocketDairy8: A New Tool for Producers**

The Dairy Records Management Systems (DRMS) has released PocketDairy, a full-featured dairy management program for the Palm and Handspring handheld computers. PocketDairy gives dairy managers and employees the capability to lookup and record information during veterinary checks and other routine dairy activities and then transfer the information to PCDART.

Currently, producers using PocketDairy can enter breedings, heats, health, body condition scores, reproductive status, and recheck codes. They can also load up to 6 reports into PocketDairy to help manage tasks such as BST treatment and

veterinary checks. The PocketDairy system can support multiple Palms on each farm (up to 99). DRMS is currently working on adding inputs for calvings, dry dates, left herd animals, and heifer management.

The PocketDairy system is currently available to producers using PCDART or PCDART Lite. The PCDART Lite version of PocketDairy allows users to use the lookup functions but doesn't allow data entry. If you further information, please contact Dr. Angelica Chapa at 662-325-7465 or Wesley Farmer at 601-835-3460.

## **Mississippi 2-Year Old Holstein & Jersey Futurities**

Each year eligible 2-year old Holstein and Jersey cows compete for futurity honors and premium monies at the Mississippi State Fair in Jackson, MS. The 2000 Holstein and Jersey futurity will be held on Friday, October 13, 2000 beginning at 1:00 p.m. in the livestock arena.

To be eligible, cows must have been nominated on three occasions prior to the show. The first nomination occurs when the animals are calves and the fee is only \$3.00 per head. The second nomination is made when the animals are yearlings at a cost of \$5.00 per head and is limited to those with paid first nominations. The final nomination occurs about four months prior to the fair when the animals are cows and the fee is \$12.00.

Beginning in January 2001, first nominations will be accepted for the 2002 Mississippi Holstein and Jersey Futurities. Eligible animals must have been born between September 1, 1999 and August 31, 2000. In addition, only registered animals owned by Mississippi residents are allowed to enter the futurity.

Premiums are paid based upon the total fees collected through the nomination process. Also, the Mississippi State Fair Commission matches the total fees up to \$500.00. The premiums are paid according to class placing with the winner receiving 20% of the total purse.

If you need futurity nomination forms or more information, please contact Dr. Angelica Chapa at 662-325-7465 or Wesley Farmer at 601-835-3460.

## **To the Mississippi Dairy Industry**

As the new Dairy Extension Specialist for the state, I look forward to meeting and working with the dairy producers, county agents, and all those involved with the dairy industry in Mississippi. I am located in the Animal and Dairy Sciences Department at the Wise Center on the MSU campus and my responsibilities include extension, research, and management of the Mississippi DHIA.

Within the next year I would like to visit as many farms as possible to meet producers and become acquainted with their operations. I am excited about this opportunity and will work to continue providing good educational programs and resources for the dairy industry in the state.

Angelica M. Chapa  
Dairy Extension Specialist

## **Dairy Conference Approaching**

Please mark your calendars and make plans to attend the 2000 Mississippi-Louisiana Dairy Conference to be held on November 9, 2000 at the Percy Quin State Park Convention Center near McComb. The program will begin at 9:00 a.m. and conclude with lunch. Thanks to the support of the commercial exhibitors there will be no charge for lunch.

This year's conference topics include fine tuning dry cow and transition cow nutrition, vaccination programs and preventable diseases, and baleage and hay silage management. Featured speakers include Dr. Elliot Block with Church &

Dwight Company, Dr. Steve Nicholson, LSU Extension Veterinarian, and Dr. Mike McCormick from the Southeast Louisiana Research Station. Look for a detailed agenda in next month's newsletter.

### **JULY 2000 HONOR ROLL HERDS\***

<b>DAIRY</b>	<b>COUNTY</b>	<b>NO. COWS</b>	<b>LBS. ECM</b>	<b>2X 3X</b>	<b>Rolling Herd Average</b>			
					<b>MILK</b>	<b>FAT</b>	<b>PROT</b>	<b>DOT</b>
HERITAGE DAIRY	TATE	421	64.6	2X	23982	977	766	07/10
TIM WEEKS	COPIAH	67	54.3	2X	22408	802	734	06/29
J & L DAIRY	WALTHALL	229	54.2	2X	21398	737	683	07/25
RONALD H CLARK	LINCOLN	78	54.1	2X	22184	791	727	07/10
NORTH MS BR EXP STA	MARSHALL	108	53.0	2X	21626	739	683	07/10
CORY CLEVELAND	PIKE	38	52.4	2X	14762	612	542	06/30
QUIN'S DAIRY	PIKE	68	49.3	2X	14814	489	489	06/30
A L BOYD JR	WALTHALL	78	48.9	2X	21236	657	668	07/26
ELWAYNE MAST	NOXUBEE	210	48.4	2X	20158	713	636	06/29
G & B DAIRY	LINCOLN	81	47.5	2X	18754	737	679	07/11
CHEEKS DAIRY	JONES	128	47.3	2X	17323	526	566	07/10
BRAD BEAN	AMITE	226	46.7	2X	22211	832	705	07/20
CLEMMER AND HILL DAIRY	TIPPAH	125	46.7	2X	18759	636	624	07/26
PAT ARD	LINCOLN	161	46.6	2X	16555	611	549	07/25
COASTAL PLAIN EXP STA	NEWTON	152	45.9	2X	22154	772	696	07/17
ROWZEE JERSEY FARM	NEWTON	154	44.6	2X	17414	818	672	07/16
CAL MAINE FOODS DAIRY	HINDS	1655	44.6	3X	19927	723	625	07/16
LEON BARDWELL DAIRY	LINCOLN	47	44.0	2X	20540	616	641	07/05
JERRY CORKERN	LEAKE	95	43.3	2X	16886	611	548	07/01
SUMMERS DAIRY	MARION	60	42.6	2X	19363	652	616	07/10
TODD & JERRY BULLOCK	PIKE	119	42.0	2X	18143	645	578	07/02
FREEMAN DAIRY	PIKE	132	42.0	2X	20733	695	684	07/03
TODD & JERRY BULLOCK	PIKE	119	41.9	2X	18210	646	579	07/27
MAX & TAMMY STINSON	WALTHALL	237	39.7	2X	17629	650	582	07/17
WALTER LAVIGNE	MARION	173	39.6	2X	15734	577	498	07/18

**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)**



### **August 2000 BFP Price**

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

### **Class I Milk Price Falls Again to \$14.94 per cwt.**

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 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 July 21 that the July 2000 Advanced Class I "base" milk price was \$11.84 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 September will be \$14.94 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.) The September Advanced Class I price (for the Atlanta and Starkville, Zones 6, 7 and 8) was reported at \$14.94 per cwt. and represents an DECREASE of 11 cents per

cwt. (-0.7%) BELOW the corresponding August price of \$15.05. This Advanced September Class I price is \$1.73 per cwt. (or -10.4%) LESS than the September 1999 Class I price of \$16.67. Dairy producers need to remember that the September Class I price will be the most important factor that will influence the revenues derived from the sale of their milk produced during September. Because 60-plus percent of Mississippi milk is utilized as Class I products, farmers will not realize any decreases in revenues from this 11-cent decrease in the September price until they receive their "settlement" checks in mid-October as payment for milk sold during September 2000.

### **Market Conditions.**

The near-term market outlook for dairy product and milk price took a turn for the worst in August when the USDA reported sharply increased numbers of milk cows, milk output per cow, and cheese inventories. These conditions are in contrast to the "normal" late-summer and early-fall months that are normally the time of the year when milk is in short supply and many bottlers and processors search for milk to fill the increased demand created with the reopening of schools after summer recesses. These demand factors have stabilized and improved dairy products prices during late August. Milk supplies have been more plentiful because the extremely hot and dry weather during the summer of 2000 has been restricted to the Southeast and has not been widespread across the nation. The USDA reported a surprising 5% increase in national milk production and a 10% increase in commercial and government inventories of both butter and American cheese during July 2000, when compared to July 1999. These excessive milk supplies continue to depress dairy product prices with little or no prospect for any improvement in milk prices. In an attempt to bolster slumping milk prices, the USDA announced an increase the support prices for cheddar cheese and butter on August 15 (see below for details).

While milk supplies are abundant in most areas of the country, milk is in short supply across the southern tier of states. Additionally, August and September witnesses marked increases in the demand for fluid milk products and where raw milk supplies shifted to fill these school milk pipelines and away from cheese and nonfat dry milk production. Thus during late August in the Southeast; Florida bottlers imported 100 to 130 loads weekly while other handlers in the region shipped in an additional 100 to 165 truckloads mostly from the Middle Atlantic. Despite these market factors in the Southeast, the increases in national milk production and dairy product inventories are overwhelming any anticipated increases in milk prices that are usually expected during the Fall. Market analysts are predicting that Class III milk prices will not see their usual upward movement this Fall and are not expected to exceed \$11.50 during the rest of 2000 and should remain below this level through the first six months of 2001.

### **Milk Production.**

Increased milk production and burdensome milk supplies continue to inundate the dairy industry and depress milk prices to levels not witnessed since 1978. Yet, and seemingly difficult to explain, dairy farmers keep on increasing the number of cows in their herds and feeding those cows adequate/ample feed nutrients. Thus, national milk production increased 4.8% (or 645 million pounds) between July 1999 and July 2000 where 90,000 (28,000 more cows than in June 2000) more cows were milked that yielded an average of 55 more pounds per cow. Comparing the July 1999 versus 2000 data found (for the 20 states that the USDA reports monthly data) that 19 states recorded increased output while only one state (New York, -1.8%) noted a decrease in production. Of these 20 states, five states recorded double-digit increases in July-to-July output where Indiana registered a whopping 21.7% upsurge following by Missouri (+16.3%), Idaho (+14.9%), California (+10.8%), and Arizona (+11.0%). All three of the southeastern states remaining in this 20-state reporting scheme also recorded increased output between these selected months (i.e.; Kentucky up 2.3%, Florida up 3.2%, and Virginia up 7.0%). A prolonged period of hot and dry summer weather across the South has forced milk output to decline and is forcing southern milk processors to import milk from outside the region. But, persistent mild and almost ideal rain patterns and temperatures throughout most of the U.S. have produced excessive milk supplies. These favorable weather conditions (outside the South) have produced adequate, high-quality, and low-cost feed and forages for dairy farmers and these factors should provide the incentives to retain milk cows rather than cull "tail-ender" animals from dairy herds. So, cow numbers are not projected to decline much over the next 6 to 12 months, which will prolong the influence of excessive milk supplies on depressed dairy prices. Without several unforeseen major weather events, excessive milk supplies are expected to be a hardship and afflict the dairy industry with low milk price through the remainder of 2000 and most of 2001.

### **Dairy Product Prices.**

While the reopening of schools after summer vacations has strengthen demand for dairy products, the unrelenting increases in milk supplies has overpowered the usual upward trend in dairy prices experienced in August. The recent USDA announcement of increases in support prices for cheddar cheese and butter has also contributed to the struggles of the dairy markets that are in search of direction and momentum. Butter and cheddar cheese prices have remained "confused and mixed" during August but have generally trended upward with this meager amount of vigor attributed to in-

creased demand caused by reopening of schools. The uncertainty in these product markets stem from the USDA's cold storage holdings report that indicated increases in excess of 10% in both butter and American cheese inventories from July 1999 to July 2000 (compared to June 2000, 5.9% and 4.9% higher for butter and cheese, respectively). This same USDA report showed that nonfat dry fat inventories had jumped 114% over this same period. Grade AA butter prices have reversed their downward slide experienced in June and July while cheddar cheese prices, after falling sharply in late July, have also displayed some strength during the most of August. On the Chicago Mercantile Exchange (CME), 40# block prices were reported at \$1.2300 on July 28 and have experienced some fluctuations were \$1.3000 on August 25 -- a 7-cent (+5.7%) increase over this 4-week period. Barrel prices have displayed more variability than block prices during July where the CME reported a cash price for 500# processed barrel cheddar cheese at \$1.1100 per pound on July 28 compared to \$1.1800 on August 25 -- a 7-cent (+6.3%) increase during this time span. The butter market has been described by the industry as "steady" with production declining and inventories being used to fill some orders. On July 28, the Grade AA butter price was \$1.1625 per pound compared to \$1.1975 on August 25 -- an increase of 3.50 cents (+3.0%) per pound. CME Grade A NDM prices remained absolutely constant near the government support price level and have been recorded at \$1.0300 per pound since September 1999. Government (USDA/Commodity Credit Corporation or CCC) purchases of non-fortified and fortified NDM have remained in the range of 6 to 10 million pounds per week during July and August. Between October 1, 1999 and August 25, the CCC has purchased more than 450 million pounds of NDM and 6.7 million pounds of cheddar cheese.

### **Near-term Market Outlook.**

The persistent increases in number of milk cows, milk output per cow, and the subsequent ballooning milk production has created a pall over the dairy industry resulting in a very pessimistic market outlook for the remaining months of 2000. Butter and cheddar cheese prices appear to be struggling to interpret the meaning of increasing dairy product demand in the face of excessive milk supplies. Growing inventories of butter, cheeses and NDM have overwhelmed the usual upward seasonal trend in prices expected during the late summer and fall months. These market factors have all but dissipated the anticipated upward movements in Class I milk prices during September, October and November. In fact, this weakness is expected to result in further reductions in Class I milk prices during October and November. Thus, the October Advanced Class I milk price for Mississippi (Starkville zone) should decline about 50 cents per cwt. and be reported near the \$15.00 level. The August Class III (which replaced the BFP) is also expected to decrease about 50 cents below the July price and be reported near \$10.20 per cwt. The CME reported on August 28 that the Class III futures contracts settlement prices were \$10.15 for the August contract, \$11.00 for September, \$11.12 for October, and \$10.91 for November. Caution must always be employed when using these predictions because history has shown repeatedly just how quickly weather and policy decisions can reverse this market outlook that could result in dramatic and significant near-term price increases. The past 15 years has clearly and dramatically demonstrated the tremendous amount of uncertainty and volatility that exist

in dairy markets. Therefore, dairy farmers must use great caution when using these price forecasts offered by dairy analysts (like this author).

### **USDA Increases Support Prices for Cheddar Cheese and Butter**

The USDA announced on August 15 that the prices for certain dairy products purchased by the Commodity Credit Corporation (CCC) would be adjusted to correct for differences in the new make allowances specified under the reformed federal milk marketing orders. The USDA noted that dairy product support prices could be changed twice a year and that these changes were needed to correct price misalignment. This misalignment has been revealed several times this year when cash prices for block and barrel cheddar have fallen below their respective support levels. These new price supports increases the price that the CCC will purchase block and barrel cheddar cheeses by 2.2 cents per pound to \$1.1220 and \$1.0920 per pound, respectively. The USDA/CCC also increased the butter support price by 1.8 cents per pounds to 66.80 cents per pound. The purchase price for nonfat dry milk (NDM) remained unchanged at \$1.01 per pound.

These changes were made subsequent to requests made by the National Milk Producers Federation (NMPF) and other dairy producer groups. These requests recognized in the higher dairy product make allowances used in the current federal order system caused price alignment problems when compared to the lower allowances being employed to make purchases under the dairy price support program. In other words, the higher make allowances in the reformed federal order system resulted in lower milk prices, which caused cash prices of dairy products to fall below the targeted support level. This was the case as recently as the first two weeks of August when the cash price for barrel cheddar cheeses on the CME fell below the (former) support price of \$1.07 per pound (as low as \$1.03 per pound on August 3). Most of the dairy industry applauded these increases in support prices and alignment of butter and cheese make allowances. However, the

International Dairy Foods Association expressed surprise at the timing of these adjustments in the price supports when industry testimony is currently being reviewed by the USDA about whether modifications are needed in these product make allowances and the procedures used in estimating the Class III and Class IV milk prices. The NMPF estimates that these increases in price supports may increase dairy farmer incomes by as much as \$150 million per year (or about \$16,000 per dairy farm per year). In Mississippi and other high Class I utilization areas, these support price adjustments will translate into a 4 to 5 cent increase in farm milk prices.

### **Southeast F.O. #7 "Blend" Price Increases 45 cents to \$14.23 in July**

The Southeast Federal Order Milk Market Administrator reported the July 2000 "blend" or uniform price for milk delivered in the Atlanta and Starkville "base" zone of Federal Order (FO) #7 was \$14.23 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 July "blend" price of \$14.23 for the "base" zone of FO #7 represents a INCREASE of 45 cents per cwt. (+3.3%) compared to the June price of \$13.78. The July 2000 blend price is 13 cents per cwt. (or +0.9%) ABOVE the July 1999 blend price of \$14.10. Average butterfat test and the butterfat price 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 July, the respective butterfat price and the average butterfat test for each milk class were: Class I, \$1.4355 per lb. and 2.252%; Class II, \$1.2761 per lb. and 7.495%; Class III, \$1.2691 per lb. and 4.172%; and, Class IV, \$1.2691 per lb. and 7.326%. 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 July "blend" price of \$14.23 per cwt. was determined using the following factors: (1) a "net" Class I price of \$13.72 on 65.59% of the milk marketed; (2) the "net" price for Class II of \$17.01 on 12.92% of the milk; (3) a "net" price of \$11.51 on 16.15% of the milk used for Class III products; and, (4) the "net" Class IV price of \$17.91 on 5.35% of the milk marketed.

Because of the current relative "high" prices for butterfat, the "net" milk price for each class of milk reveals some rather surprising results. 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 for this issue of this newsletter.

### **Upcoming Events**

- Oct. 12-14 - Mississippi State Fair Dairy Show  
Fairgrounds, Jackson, MS
- Nov. 9 - MS/LA Dairy Management Conference  
Percy Quin State Park, McComb, MS

### **Uniform or "BLEND" Price- July 2000**

<b>North Mississippi:</b>	<b>\$14.03</b>
<b>North Central Mississippi:</b>	<b>\$14.23</b>
<b>South Central Mississippi:</b>	<b>\$14.43</b>
<b>South Mississippi:</b>	<b>\$14.53</b>
<b>Coastal Mississippi:</b>	<b>\$14.63</b>

### **Class I Price for September 2000 (Advance Price)**

<b>North Mississippi:</b>	<b>\$14.74</b>
<b>North Central Mississippi:</b>	<b>\$14.94</b>
<b>South Central Mississippi:</b>	<b>\$15.14</b>
<b>South Mississippi:</b>	<b>\$15.24</b>
<b>Coastal Mississippi:</b>	<b>\$15.34</b>



