

March 2002

Groups Meet

Angelica M. Chapa
Extension Dairy Specialist

The Central Mississippi Research and Extension Agricultural Advisory Council Conference and the North Mississippi Producer Advisory Meeting were held during February 2002 at Raymond and Verona, respectively. The goal was to solicit producer input on the current needs of the various commodity groups and to initiate research and extension programs to address these needs.

The dairy advisory meetings included producers, MAFES research and teaching faculty, and MSU-extension personnel. After introductions, MAFES and Extension personnel summarized their activities for the past year and presented extension/research plans for the near future. Some of the research included: 1) alleviating the effects of heat stress through nutrition, 2) prepartum milking of heifers and postpartum reproductive and production performance, 3) post-breeding GnRH administration and effects on heat-stressed dairy cows, 4) investigating the relationship between morphometrics and cooling strategy on heat stress abatement, 5) examining various types of hormonal manipulations at or after estrus for improved pregnancy rates in heifers, 6) alleviating heat stress using tunnel ventilation housing, 7) using non-toxic endophyte Fescue as a forage for lactating Holstein cows and un-bred heifers, 8) effects of broiler litter management in grazing and grazing/haying systems, 9) economic and production differences between Holsteins cooled with fans-only or fan/sprinkler combinations, and 10) forage variety tests. Producers were given the remaining time to voice their opinions about needed research and problems they are encountering on their dairies. Topics of concern included: hairy foot warts, lagoon management and environmental regulations, the ratio of female: male calves, maintenance of sand-bedded freestalls, managing high somatic cell counts, milk quality and shelf life, corn for silage variety tests, and cooling alternatives for relieving heat stress. Not all of the areas could be addressed through

research at the university; however, it would be possible to increase the availability of publications from other institutions or researchers that specialize in the areas. Group members were encouraged to share ideas/practices which were working for them which lead to suggestions for the control of footwarts, maintenance of sand-bedded freestalls, lagoon management and alternatives to lagoons.

Two topics that were addressed by MSU faculty included sexing semen and corn for silage variety tests. Sexed semen would be the solution to the high bull:heifer ratio, but this technology is not cheap particularly for use in grade herds. Also, 100% heifer calves and 1st service conception is not guaranteed. Dr. Chandler at LSU believes there is some correlation between the frequency of semen collection and the ratio of male:female sperm. He may be testing this hypothesis in the near future, working with dairy herds in Mississippi and Louisiana. The various challenges of encouraging companies to enter varieties were discussed leading to the conclusion that the best route would be to use a "standard" variety that could be planted at test locations, possibly including Alabama, Florida, Georgia, and Louisiana to provide a baseline for all locations. Compiling results from other states was also discussed. All producers are encouraged to attend the 2003 meetings and provide input.

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Dairy Advisory

MISSISSIPPI STATE UNIVERSITY STATEWIDE DAIRY FIELD DAY

Hosted by:

Ronnie & Mary Nell Clark Dairy

Bogue Chitto, Mississippi

MAY 23, 2002

(From I-55 take the Bogue Chitto Exit (exit 31) and go West on Bogue Chitto Road for _ of a mile. Turn South on Shar Pei Lane and go approx. 1 mile to the dairy on the right. Signs will be posted.)

REGISTRATION AND VIEW EXHIBITS8:30 a.m.
PROGRAM9:30 a.m.
LUNCH12:00 p.m.

TOUR PROGRAM

Bio-Terrorism In The Dairy Industry

Dr. Charles White, Head, MSU Food Science & Technology Department

The Newest Techniques and Devices for Managing Reproduction in Dairy Cattle

Dr. Scott Willard, Professor, MSU Animal & Dairy Science Department

Understanding Forage Analysis Results

Dr. Brad Venuto, Researcher, LSU AgCenter Southeast Research Station

Can Roundup Ready Corn Be Used As Corn Silage? (Test Plots on Display)

Dr. Malcolm Broome, Extension Specialist, MSU Plant and Soil Sciences Department

Transition Management: Critical Steps For A Successful Lactation

Dr. Darren McGee, DVM, Bovine Production Services and Co-owner of Heritage Dairy Farm



*****FEATURED PRESENTATION*****

Livestock Handling and Behavior

Dr. Temple Grandin
Colorado State University

Featured Presentation Sponsored By:

Diamond V Corporation - Land O'Lakes - Farmland Feed
Walthall Co. Co-op Pike Co. Co-op Kentwood Co-op

FEBRUARY 2002 HONOR ROLL HERDS **

DAIRY	COUNTY	Rolling Herd Average			DOT	SUPERVISOR
		NO. COWS	LBS. ECM	MILK FAT PROT		
David Robinson & Sons	Rankin	132	84.9	23671 879 696	02/06	D. Patterson
Heritage Dairy	Tate	554	81.4	23146 944 708	02/19	R. Hardin
Melvin Nicholson	Newton	107	80.1	21245 788 645	02/26	J. Coker
J & L Dairy	Walthall	200	79.6	19342 726 576	02/05	R. Vendenweghe
Coastal Plain Exp Sta	Newton	149	78.6	22494 825 657	02/17	J. Coker
Freeman Dairy	Pike	154	74.5	21905 773 682	02/25	A. Wilson
Paul W. Edwards	Newton	150	73.4	19040 770 596	02/25	J. Coker
Cal Maine Foods Dairy	Hinds	1393	73.3	19241 785 586	02/23	R. Hardin
MS State University	Oktibbeha	151	71.2	21209 800 658	02/18	B. King
Jefcoat & Williams Dairy	Jones	58	70.1	19405 633 570	02/19	L. Adams
Mactoc Farm	Oktibbeha	203	69.9	27072 808 813	02/21	B. King
Jimmy Tucker & Sons	Pike	231	67.9	19802 707 591	02/12	A. Wilson
North MS Br Exp Sta	Marshall	101	66.3	19079 687 593	02/14	J. Jumper
Walter Lavigne	Marion	186	65.4	17815 620 549	02/21	K. Russell
Neal & Tina Smith	Noxubee	176	65.2	22238 725 664	02/20	B. King
Brad Bean	Amite	246	64.9	19982 760 595	02/13	R. Reid
Dixie Dairy Sales	Carroll	374	64.9	20200 874 593	02/26	R. Hardin
Thompson Brothers	Marshall	134	64.4	19210 731 588	02/02	R. Hardin
Leon Bardwell Dairy	Lincoln	40	64.2	20930 606 610	02/02	R. Davis
Rowzee Jersey Farm	Newton	154	63.5	17083 781 627	02/18	J. Coker
Clemmer & Hill Dairy	Tippah	149	62.2	19848 741 601	02/18	J. Jumper
Knights Dairy Farm	Jones	110	57.5	20352 693 639	02/20	L. Adams
Larry Walker	Noxubee	121	57.3	17924 598 545	02/27	B. King
Mike Glynn	Marion	80	57.0	12809 551 454	02/22	A. Wilson
Milton & Terry Jefcoat	Jones	186	56.7	20079 667 614	02/20	L. Adams

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 dat kbs, fat) + (7.04 x test date lbs. protein)

Will There be a New Farm Bill and Will Dairy Programs be Revised?

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

Both questions are turning into multibillion dollar questions consuming the thoughts of many farmers and ranchers across the U.S. and almost everyone working on Capital Hill. The central problem of this debate is that there are huge differences between the House and Senate versions of the 2002 Farm Bill that also contain significant disagreements in national dairy programs. A House-Senate Conference Committee (including Mississippi's Senator Cochran) is working to resolve these issues. As of April 24, progress seems to have been made on some of the controversial issues and political analysts are predicting almost every possible outcome ranging from passage of a new Farm Bill to a complete impasse and stalemate. One of the most controversial issues is dairy policy/programs with the Senate proposing a counter-cyclical payment scheme where farmers would receive deficiency payments when milk prices falls below a specified level. Analyses of the Senate-passed version indicate that this program would favor dairy producers in the Northeast and operations with less than 250 milk cows. Thus, dairy farmers in the South

and West were strongly opposed while producers in the Northeast and Upper Midwest favored the proposal. Most of the political observers thought the dairy counter-cyclical payment program was dead because the Senate version of the Farm Bill was over budget by \$6.2 billion and their dairy proposal would be a casualty to meet budget restraints. Unexpectedly, mid-April negotiations found that the dairy counter-cyclical deficiency payment program was alive and well. There was basic agreement that payments would be made to each dairy farmer when the Boston Class I price fell below \$16.94 per cwt. and the payment would be equal to 45% of the difference between the current price and \$16.94. However, the amount of milk eligible to receive these counter-cyclical payments is still being debated with the House proposing payments to be limited to the first 1.8 million pounds produced annually (about an average 100-cow operation) while the Senate's plan calls for limiting payments to a maximum of 3 million pounds per year (a 167-cow herd). But, many other contentious issues related to commodity loan rates, payment limitations, conservation programs, and packer ownership of livestock remain to be resolved before a new Farm Bill becomes a reality. Any one of these issues could create deadlock in these negotiations and force Congress to delay passage of this legislation until the current Farm bill expires on December 31, 2002.

APRIL 2002 Advanced Class I Price

Dr. C.W. "Bill" Herndon

Dairy Economist, MSU

May Advanced Class I Milk Declines 21 cents to \$14.36/cwt.

The Advanced Class I milk price continues to fall under mounting pressure from increased milk production and the usual seasonal low in dairy product consumption. The May Class IV skim milk price served as the Class I mover price (based on the value of skim milk used in butter and powder production) because it was greater than the corresponding Class III prices (representing skim milk value in cheddar cheese product). In this case, the USDA reported that the May 2002 Advanced Class III Skim Milk price was \$6.31 per hundredweight (cwt.) compared to the Advanced Class IV Skim Milk price of \$6.83 per cwt. The difference between these respective Class III and Class IV prices (after factoring in butterfat prices) resulted in a 50-cent per cwt. *higher* Class I base price (\$10.76 vs. \$11.26, respectively). Therefore, the USDA announced on April 19 that the May 2002 Advanced Class I "base" milk price would be \$11.26 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 May will be \$14.36 per cwt. So, the May Advanced Class I price (for the North Central Zone) is \$14.36 per cwt. and represents a DECREASE of 21 cents per cwt. BELOW the corresponding April price of \$14.57. This year's May Advanced Class I price is \$2.95 LESS than the May 2001 Class I price of \$17.31 per cwt. Dairy producers need to remember that the May Class I price will be an important, but not the only, factor influencing revenues derived from the sale of their milk produced during the month of May. Since about 55-65 % of Mississippi milk is processed into Class I products, farmers should expect less milk revenues when they receive their settlements checks in mid-June as the final payment for milk produced and sold in May.

Advanced Class I Milk Price @ 3.5% bf	Price/cwt. in North Central MS Zone	Price Difference v. May 2002	%Change vs. May 2002
May 2002	\$14.36	-----	-----
April 2002	\$14.57	↓\$0.21	↓1.4%
March 2002	\$14.72	↓\$0.36	↓2.4%
May 2001	\$17.31	↓\$2.95	↓17.0%
May 2000	\$14.58	↓\$0.22	↓1.5%

Market Conditions. Given the sharp increases in milk production recorded in the past three months, milk and dairy product prices have been surprisingly steady due to strengthening of demand and a general recovery of the U.S. economy. Milk production increased for the fifth straight month during March and productivity per cow

has skyrocketed because of favorable weather conditions and relatively low feed costs. Combined with the fact that fluid milk demand will decline sharply with the closing of schools for summer recesses during May and June, milk and dairy product prices are expected to decline another 25 to 50-cents/cwt. through July. Then, "normal" hot and humid summer weather conditions are expected to curtail milk output and milk prices are forecast to move upward in August, September and October. Current increasing milk supplies are being processed into dairy products as displayed in the USDA's March 31 Cold Storage report where total inventories of butter increased by 13% between February and March and were 53% greater than March 2001. Commercial holdings of various types of natural cheeses were 1 to 2% greater than February totals and ranged between 2% less and 12% more than last March inventories. The market tone for dairy products has been described as "weak" with excessive cream volumes burdening the market. Butter processors believe that cash price will tumble further during the next several weeks. Amazingly, cheese prices have remained steady and sales have been described as brisk, but the market tone was depicted as "unsettled" as additional milk supplies move from fluid products into processed cheese products. Reaffirming that milk supplies have become excessive, Florida handlers exported 117 truckloads of milk out of the state during the third week of April compared to 37 loads shipped out during the previous week and 140 loads during the same week of 2001. The price outlook over the next three months is quite pessimistic, but not dismal, as seasonal demand for dairy products reaches its annual low point and as milk production reaches its annual peak. Therefore, it is expected that Class I milk prices should decline about 5% where the Atlanta/Starkville zone price should be reported near \$14.00/cwt. in June while mailbox milk prices should be in the range of \$13.00 to \$13.25 for April and May. By August, normal price patterns will likely push milk prices up if our usual summer weather conditions transpire resulting in hot, humid weather that reduce milk production.

Milk Production. Milk cow numbers continue to increase in most major dairy states and milk output per cow has swollen in response to excellent forage quality and ideal weather conditions. These factors have produced a 180-degree turnaround from 2001 market condition where milk output levels were depressed throughout most of the year. This quick and dramatic upsurge in milk production surprised most of the dairy industry. For the first month in since February 2001, the number of milk cows in the 20 major milk producing states actually increased (+2,000 cows) indicating that some dairy farmers are milking more cows. However, there were 13,000 fewer cows in the national herd in March 2002 compared to the same month of 2001 but productivity per cow grew by 53 lbs. per cow resulting in

milk production climbing 461 million lbs. between these months. Mississippi milk output displayed its usual declining trend as production fell 4.1% where farmers milked 2,000 fewer cows (34,000) compared to the first three months of 2001. Monthly and first-quarter statistics are listed in the table below for selected states, the southeast region and the nation. This milk-feed price ratio for March was 2.91 decreasing from 3.01 in February and significantly less than the 3.24 reported for March 2001, marking the first time this ratio has been below 3.0 since June 2000. When this ratio exceeds 3.0 economic conditions favor the expansion of milk supplies.

Comparing 2002 vs. 2001	March Change in Prod.(%)	March Change in Output/Cow	1 st Quarter Change in Prod.(%)
U.S. Total	↑3.2%	↑3.6%	↑2.4%
California	↑5.8%	↑2.0%	↑4.4%
Wisconsin	↓0.9%	↑1.0%	↓1.4%
Idaho	↑7.3%	↑0.6%	↑7.3%
New Mexico	↑16.8%	↑4.0%	↑15.8%
Indiana	↑1.4%	↑1.0%	↑1.1%
Florida	↓3.7%	↓2.5%	↓4.3%
Kentucky	↑2.0%	↑5.5%	↑1.6%
Virginia	↑3.0%	↑1.1%	↑2.7%
Texas	↑1.4%	↑9.6%	0.0%
Mississippi	Not Avail.	Not Avail.	↓4.1%
Louisiana	Not Avail.	Not Avail.	↓6.5%
Alabama	Not Avail.	Not Avail.	↓8.1%
11-State Southeast Region	Not Avail.	Not Avail.	↓1.4%

Dairy Product Prices. Cheddar cheese, butter, and nonfat dry milk (NDM) prices have moved in opposite directions since mid-March. Excessive milk supplies (especially, cream) are depressing butter and milk powder markets while robust cheese sales have bolstered cheddar prices. The table below illustrates that cheese prices increased 2-4% while butter and NDM prices fell 6-7% between March 19 and April 19. Excessive and distressed surplus supplies of milk are burdening milk and dairy product prices where NDM prices are below current government support prices. As a result, the U.S. government has been compelled to purchase very large quantities of NDM (via the USDA through its Commodity Credit Corporation, or CCC) ranging between 13 and 20 million lbs. per week between mid-March and mid-April. As of April 19, the CCC has purchased a total of more than 325 million lbs. of NDM since October 1 compared to almost 293 million over the same time span last year. Uncommitted inventories of government-owned NDM amounted to almost 945 million lbs. on April 12, 2002 vs. a total of nearly 539 million lbs. during the same week of 2001. The table below shows Chicago Mercantile Exchange (CME) cash prices for selected dairy products and trading dates.

Chicago Mercantile Exchange Dairy Product Prices	March 19 Prices (\$/lb)	April 19 Prices (\$/lb)	Price Changes (\$/lb)	Change (%)
40# Block Cheese	\$1.2100	\$1.2325	↑\$0.0225	↑1.9%
500# Barrel Cheese	\$1.1800	\$1.2300	↑\$0.0500	↑4.2%
Grade AA Butter	\$1.2400	\$1.1650	↓\$0.0750	↓6.0%
Grade A Nonfat Dry Milk	\$0.9400	\$0.8700	↓\$0.0700	↓7.4%

Near-term Market Outlook. Milk and dairy product markets are very worried about just how quickly milk production, especially milk output per cow, has reacted to the “higher” milk prices experienced during most of 2001. Combining escalating milk supplies with the usual annual low in fluid milk demand witnessed as schools closed for summer holidays, dairy prices are being forced downward because large volumes of “distressed” milk are being diverted to manufacturing uses. Thus, milk and dairy product prices are expected to remain weak and fall 5 to 8 % by June or July. Thus, the June Advanced Class I milk price for Mississippi (Starkville zone) is expected to be in the range of \$13.80 to \$14.10. The recent strength in cheese prices should push the April Class III price up slightly and be reported near \$10.85 with the May 2002 Class III prices predicted to be near \$11.15/cwt. CME settlement prices for selected Class III and Class IV milk futures contracts are found in the table below along with several butter futures contracts. As usual, dairy farmers and processors must exercise great caution when using these predictions because history continues to demonstrate how wrong these predictions have been in the past.

CME Dairy Futures Contract Prices	March 19 Settlement Prices	April 19 Settlement Prices	Change (%)
Class III Milk Futures	--- \$/cwt ---	--- \$/cwt ---	
April Contract	\$10.84	\$10.85	↑0.1%
May Contract	\$11.30	\$11.15	↓1.3%
June Contract	\$12.06	\$11.99	↓0.6%
Class IV Milk Futures	--- \$/cwt ---	--- \$/cwt ---	
April Contract	\$11.75	\$11.20	↓4.7%
May Contract	\$11.75	\$11.20	↓4.7%
June Contract	\$11.60	\$11.30	↓2.6%
Butter Futures	--- \$/lb ---	--- \$/lb ---	
May Contract	\$1.2800	\$1.1950	↓6.6%
July Contract	\$1.3050	\$1.2400	↓5.0%

Southeast F.O. #7 March “Blend” Price Falls to \$13.34 per cwt. The Southeast Federal Order Milk Market Administrator reported the March 2002 “blend” or uniform price for milk delivered in the Atlanta and Starkville “base” zone of Federal Order (FO) #7 was \$13.34 per cwt. for 3.5% butterfat milk. (Please see the Mississippi map for zones where the North Zone is minus \$0.20, North Central Zone is the “base” zone, South Central Zone is plus \$0.20, South Zone 10 is plus \$0.30

and the Coastal Zone is plus \$0.40 per cwt.) The March blend price of \$13.34 per cwt. was determined using the following factors: (1) a "net" Class I price of \$12.86 on 53.03% of the milk marketed; (2) the "net" price for Class II of \$16.70 on 10.97% of the milk; (3) a "net" price of \$11.30 on 21.28% of the milk used for Class III products; and, (4) the "net" Class IV price of \$14.93 on 14.73% of the milk marketed. Please remember that milk is priced based on the location of the plant that processes the farmer's milk and NOT the site of a dairy farm. The table below contains selected monthly blend prices, price and percentage changes between these months, and their respective Class I utilization rates.

FO #7 "Blend" Prices -- N. Central MS Zone	"Blend" " Price (\$/cwt)	Price Difference vs. March 2002	Change (%) vs. March 2002	Class I Utilization
March 2002	\$13.34	-----	-----	57.99%
February 2002	\$13.75	↓\$0.41	↓3.0%	56.56%
January 2002	\$14.13	↓\$0.79	↓5.6%	57.99%
March 2001	\$14.92	↓\$1.58	↓10.6%	60.68%
March 2000	\$12.83	↑\$0.51	↑4.0%	62.44%

Uniform Or "BLEND" Price For March 2002

North Zone:	\$13.14
North Central Zone:	\$13.34
South Central Zone:	\$13.54
South Zone:	\$13.64
Coastal Zone:	\$13.74

Prices of Holstein Dairy Cattle Replacements

<u>Location of Sale</u>	Norwood, Missouri	Thomasville, Georgia
<u>Auction Date</u>	April 11	April 22
<u>No. of Head Sold</u>	2,430	363
<u>Springer Heifers</u>		
Supreme	\$1,750-\$1,975	\$1,810-\$1,860
Approved	\$1,300-\$1,785	\$1,560-\$1,760
Common	\$600-\$1,075	\$580-\$1,110
<u>Springer Cows</u>		
Supreme	Not Available	\$1,760
Approved	\$1,275-\$1,550	\$1,240
Common	\$500-\$800	\$540-\$860
<u>Fresh Heifers/Cows</u>		
Supreme	Not Available	\$1,765
Approved	\$1,500-\$1,575	\$1,575-\$1,600
Common	\$460-\$900	\$550-\$1,120
<u>Calves 1-7 Days Old</u>		
Heifers & Bulls	\$75-\$625	\$75-\$420

Upcoming Events.....

- June 1 Dixieland All-Breed Dairy Heifer Sale
Pontotoc Co. Agri-center, Pontotoc, MS
Lunch- 11:00 a.m. & Sale at 12:00 noon
Contact Sherry Thompson-662-489-3910
- June 7 LA/MS Dairy Heifer Sale
Pike Co. Fairground, McComb, MS
Contact Wesley Farmer-601-835-3460

CLASS I PRICE - MAY 2002 (Advanced Price)

North Zone:	\$14.16
North Central Zone:	\$14.36
South Central Zone:	\$14.56
South Zone:	\$14.66
Coastal Zone:	\$14.76