

Zwick Center for Food and Resource Policy
Outreach Report No. 33

**Connecticut Milk Cost of Production Estimates for
October, November, and December 2014**

Prepared for the Connecticut Commissioner of Agriculture

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February 10, 2015



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During the fourth quarter of 2014 Connecticut farm milk prices began a downward trend after they peaked in September 2014. The statistical uniform price averaged \$22.44/cwt, almost \$3/cwt lower than the average for the previous quarter. Meanwhile, the cost of production dropped to \$33.93/cwt, about \$2/cwt lower than the average for the previous quarter, primarily due to a decline in the cost of purchased feed. Consequently, the average shortfall of prices minus the minimum sustainable cost per cwt increased to \$5.38/cwt, triggering the need for payments to Connecticut dairy farmers under Public Act 09-229. There has also been a strong downward trend in farm milk prices in early 2015 which is bound to result in even greater shortfalls in the coming months in spite of lower feed and fuel costs. These trends shall result in an increased financial stress on Connecticut dairy farmers absent Public Act 09-229.

2014 Connecticut Milk Cost of Production Estimates, Statistical Uniform Price, and Application of Public Act 09-229

	October	November	December	Quarter 4 Average
	Dollars per Hundredweight			
Total Cost of Production				
Connecticut	\$33.34	\$34.97	\$33.48	\$33.93
Minimum Sustainable Cost of Production				
Connecticut	\$27.34	\$28.68	\$27.46	\$27.83
Statistical Uniform Price				
Hartford, CT	\$24.25	\$22.16	\$20.92	\$22.44
Statistical Uniform Price Minus Minimum Sustainable Cost of Production				
Connecticut	-\$3.09	-\$6.52	-\$6.54	-\$5.38

Source: 2012 CT DFBS Survey with annual updates. Minimum Sustainable Cost of Production is 82% of the Total Cost of Production. Statistical Uniform Price is from the USDA Federal Milk Order No. 1 (<http://www.fmmone.com>).

For details on the methodology used to compute the Connecticut milk cost of production please see Zwick Center Outreach Report No. 13 available at: <http://zwickcenter.uconn.edu>.

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