

Connecticut Milk Cost of Production Estimates for October, November, and December 2015

Prepared for the Connecticut Commissioner of Agriculture
by Adam N. Rabinowitz and Rigoberto A. Lopez

February 16, 2016

Connecticut farm milk prices continued a slow recovery, increasing an average of \$0.57/cwt compared to third quarter but showing wide fluctuations between \$18.22/cwt in November followed by \$17.17cwt in December. The total cost of production decreased to an average of \$31.87/cwt, driven primarily by decreasing purchased feed costs. Overall, the average shortfall of prices minus the minimum sustainable cost per cwt decreased to an average of \$8.51/cwt, thus continuing to trigger the need for payments to Connecticut dairy farmers under Public Act 09-229. Expectations of a recovery in milk prices are looking slim, with strong U.S. and international production as well as worldwide economic concerns. The overall trends in milk prices and production costs continue to result in significant financial stress on Connecticut dairy farmers absent Public Act 09-229.

2015 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	\$33.23	\$31.88	\$30.52	\$31.87
Minimum Sustainable Cost of Production				
Connecticut	\$27.25	\$26.14	\$25.03	\$26.14
Statistical Uniform Price				
Hartford, CT	\$17.50	\$18.22	\$17.17	\$17.63
Statistical Uniform Price Minus Minimum Sustainable Cost of Production				
Connecticut	-\$9.75	-\$7.92	-\$7.86	-\$8.51

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>.

Zwick Center for Food and Resource Policy
Department of Agricultural and Resource Economics
College of Agriculture, Health and Natural Resources
1376 Storrs Road, Unit 4021
Storrs, CT 06269-4021
Phone: (860) 486-2836 Fax: (860) 486-1932
Contact: Adam.Rabinowitz@uconn.edu