

Zwick Center for Food and Resource Policy

Outreach Report No. 63

**Connecticut Milk Cost of Production Estimates  
for Quarter 4 (October, November, December) 2019**

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# Connecticut Milk Cost of Production Estimates for Quarter 4 (October, November, December) 2019

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In the fourth quarter of 2019, milk prices for Connecticut farmers rose to \$18.97/cwt, \$0.20/cwt higher than in the previous quarter. Over the same period, the cost of production rose to \$34.06/cwt, \$0.09 higher than in the previous quarter. The increase in cost of production was driven by an increase in the cost of hired labor, which rose by \$0.06/cwt while the cost of feed fell \$0.07/cwt. The monthly average shortfall—the minimum sustainable cost minus the price—was \$8.97/cwt, about a 1% decrease from the previous quarter. This shortfall represents a substantial burden to milk producers. Thus, we see a need for continuing payments in the future to Connecticut dairy farmers under Public Act 09-229.

Looking ahead, national milk prices are expected to rise in 2020 but at a lower rate than initially anticipated. However, the expected price of Nonfat Dry Milk has been raised due to higher expected exports. Feed prices are expected to remain high. Given the large shortfall for Connecticut dairy producers, the minimum sustainable cost of milk production should continue to greatly exceed the price of milk throughout 2020. Given these expectations about the national dairy market and input prices, it is expected that Connecticut dairy farmers will face additional financial pressure in the absence of payments under Public Act 09-229.

## **2019 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			
<b>Total Cost of Production</b>				
Connecticut	\$34.07	\$35.30	\$32.82	\$34.06
<b>Minimum Sustainable Cost of Production</b>				
Connecticut	\$27.94	\$28.95	\$26.91	\$27.93
<b>Statistical Uniform Price</b>				
Hartford, CT	\$18.62	\$19.10	\$19.18	\$18.97
<b>Minimum Sustainable Cost of Production Minus Statistical Uniform Price</b>				
Connecticut	\$9.32	\$9.85	\$7.73	\$8.97

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>). Values rounded to nearest cent per hundredweight.

For details on the methodology used, please see Zwick Center Research Report No. 1 available at: [http://zwickcenter.uconn.edu/outreach-presentations\\_4\\_2016452852.pdf](http://zwickcenter.uconn.edu/outreach-presentations_4_2016452852.pdf)

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