

Zwick Center for Food and Resource Policy

Outreach Report No. 71

**Connecticut Milk Cost of Production Estimates
for Quarter 4 (October, November, December) 2021**

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This quarterly report was prepared with data from the USDA Economic Research Service, UConn Zwick Center's cost of dairy model at, and market analysis from the USDA January Dairy Outlook (link below).

Second quarter 2021 milk prices for Connecticut farmers rose to \$19.37/cwt, \$1.03/cwt higher than in the first quarter. Over the same period, production cost rose to \$37.39/cwt, \$1.02 higher than in the previous quarter. The increase in production cost had various drivers, the most significant being a \$0.47/cwt increase in the cost of hired labor. The monthly average shortfall - the minimum sustainable cost minus the price - was \$11.28/cwt, less than a 1% decrease from the previous quarter. This shortfall remains a substantial burden to producers. We thus see a need for continuing payments to Connecticut dairy farmers under Public Act 09-229.

Looking ahead, USDA ERS October Dairy Outlook reports that national milk prices are expected to increase in 2022 due to recent increases in prices and stronger expected demand (*Livestock, Dairy, and Poultry Outlook*). Feed prices are expected to remain about the same in the first quarter of 2022 but remain higher than in 2020 (McConnell). Even with anticipated price increases, the minimum sustainable cost of milk production should continue to exceed the price of milk throughout 2022. Connecticut dairy farmers will face additional financial pressure in the absence of Public Act 09-229 payments.

2021 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	\$38.01	\$37.59	\$36.58	\$37.39
Minimum Sustainable Cost of Production				
Connecticut	\$31.16	\$30.82	\$30.00	\$30.66
Statistical Uniform Price	\$18.34	\$19.44	\$20.34	\$17.81
Minimum Sustainable Cost of Production Minus Statistical Uniform Price				
Connecticut	\$12.82	\$11.38	\$9.67	\$11.28

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 [The Annual Cost of Producing Milk in Connecticut: Estimates for 2022, Zwick Center Research Report No. 1](#)

References:

Livestock, Dairy, and Poultry Outlook: January 2022, LDP-M-331, U.S. Department of Agriculture, Economic Research Service, January 19, 2022.

McConnell, Michael, Olga Liefert, Angelica Williams, and Amy Bolin, Feed Outlook: January 2022, FDS22a, U.S. Department of Agriculture, Economic Research Service, January 14, 2022.

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