Dairy Focus at Illinois Newsletter

Volume 7, Number 1

Lessons learned from the 2021 Illinois Dairy Summit

On February 3, 2021, the University of Illinois and the Illinois Milk Producers' Association held the Illinois Dairy Summit. This year's event, which was conducted virtually, was attended by more than 150 people, and we had good discussions. The proceedings and recorded presentations are available at no charge through the IMPA website (http://www.illinoismilk.org/dairy-summit/). The meeting's goal was to bring information to dairy farmers in IL regarding protecting their milk check during COVID-19 and beyond. I have selected a few take-home messages from the meeting to share with you. I have also indicated in parentheses where you can learn more about the specific topic in the recorded video (https://vimeo.com/508693470). I hope you find this information helpful. Stay safe, and feel free to reach out if you have any questions.

1. Negative producer price differentials (PPD) in 2020 were not necessarily a deduction from your milk check, but were due to Federal Milk Marketing Order (FMMO) accounting rules. Dr. Newton stressed that the money was never really in the marketplace. The milk's component value was greater than the milk's value in the pool, and the FMMO had to make the deduction for the pool to equalize (09:40 in the video). The FMMO was established in the 1930s, and we may see a reformulation of milk pricing due to the change in the pool of Class 3 milk (the milk used to produce cheese).
2. Corn and soybean prices are on an upward trend. Dr. Hutjens challenges you to keep your total mixed ration (TMR) cost below $0.117 per lb of dry matter. Canola meal, blood meal, soy hulls, and fuzzy cottonseed prices were above the breakeven values of $283/ton, $883/ton, $180/ton, and $288/ton, respectively in January 2021. In addition, it seems that there is not much to lose in trying cover crops in Illinois. One of the strategies to implement cover crops is to plant them in September, after corn silage or soybean harvest (1:05:05 in the video).

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3. Making sure that your cows are efficient is still an important goal to achieve profitability on your farm. During the transition period, three feeding strategies can add to your milk check by improving milk components (mainly protein). We recommend that the dairy milk component efficiency (lb of milk fat + lb of milk protein/dry matter intake) of your herd be at least 10, ideally greater than 11. The Dairy Efficiency Calculator from our lab can help you in calculating efficiencies (https://dairyfocus.illinois.edu/tools/dairy-efficiency-calculator/). Feeding cows with the right amount of energy (not more, not less) before calving can lead to a cheaper diet and healthier cows after calving. Feeding a negative dietary cation-anion difference (DCAD) diet before calving can enhance a cow's health and reproductive success, especially when forages are a challenge due to high potassium levels. Rumen protected amino acids (methionine and lysine) are an effective strategy (especially with high blood meal prices) to improve milk protein, heath, and fertility of your cows (1:53:25 in the video).
4. Understanding the controllables of your milk check is of the utmost importance. You can control production, milk components, and the milk quality bonus. Dr. Nolan highlights benchmarks for milk income, feed cost, and operating cost for farms in IL (2:09:30 in the video). Purchased feed in IL ($8.00/cwt) was more expensive than in the US as a whole ($7.20), leading to total feed costs of $12.89 for IL and $10.59 for the US. Home feed costs are associated with farm size. Smaller herds have higher feed costs than larger herds. Also, make sure to achieve the quality bonus in your milk check. One way to do that is using the Somatic Cell Count (SCC) Calculator from our lab (https://dairyfocus.illinois.edu/tools/somatic-cell-count-calculator/). A few high-SCC cows can cause you to miss the bonus for the whole tank. Always estimate the benefits (minus costs) of management practices before adoption.

—Dr. Phil Cardoso, Associate Professor, Dept. of Animal Sciences, University of Illinois