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Zwick Center for Food and Resource Policy

Outreach Report No. 22

Connecticut Milk Cost of Production Estimates for

January, February, and March 2014

Prepared for the Connecticut Commissioner of Agriculture

Adam N. Rabinowitz

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May 8, 2014



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May 8, 2014

Farm milk prices in Connecticut reached historical highs in the first quarter of 2014, averaging approximately \$24/cwt. However, the total cost of producing milk has remained high, averaging approximately \$34/cwt. and the minimum sustainable cost of production averaging approximately \$28/cwt. Thus, in spite of the rapid increase in farm milk prices experienced in Connecticut recently, the negative gap between prices and the minimum sustainable cost of production has narrowed but not closed. In fact *prices were on average \$3.84 lower than the minimum sustainable cost of production during the first quarter of 2014, supporting the continued need for payments to state dairy farmers under Public Act 09-229.*

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

	January	February	March	Quarter 1 Average
	Dollars per Hundredweight			
Total Cost of Production				
Connecticut	\$34.78	\$34.02	\$33.08	\$33.96
Minimum Sustainable Cost of Production				
Connecticut	\$28.52	\$27.90	\$27.13	\$27.85
Statistical Uniform Price				
Hartford, CT	\$22.83	\$24.32	\$24.87	\$24.01
Statistical Uniform Price Minus Minimum Sustainable Cost of Production				
Connecticut	-\$5.69	-\$3.58	-\$2.26	-\$3.84

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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