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Connecticut Milk Cost of Production Estimates for January, February, and March 2016

Prepared for the Connecticut Commissioner of Agriculture
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After a period of relatively low but stable farm milk prices, Connecticut farmers experienced another decline in milk prices in the first quarter of 2016, averaging $2.52/cwt lower than in the previous quarter. In fact, the average March 2016 farm price of $14.71 is the lowest since 2009. At the same time, farmers also experienced a decline in the cost of production by an average of $1.34/cwt, averaging a total cost of production of $30.53/cwt in the first quarter of 2016. Although the decline in cost partially offset the decline in prices, the average shortfall of prices minus the minimum sustainable cost per cwt was approximately $10/cwt. Hence, the need for continuing payments to Connecticut dairy farmers under Public Act 09-229. For the near future, there is a low expectation of a recovery in milk prices as anticipated milk surpluses result in temporary dumping in the northeast federal milk order area. The overall trends in sagging milk prices and production costs continue to result in significant financial stress to Connecticut dairy farmers absent Public Act 09-229.

2016 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	$31.02	$30.42	$30.13	$30.53
Minimum Sustainable Cost of Production				
Connecticut	$25.44	$24.95	$24.71	$25.03
Statistical Uniform Price				
Hartford, CT	$15.42	$15.19	$14.71	$15.11
Statistical Uniform Price Minus Minimum Sustainable Cost of Production				
Connecticut	-$10.02	-$9.76	-$10.00	-$9.93

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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