Dairy Profit Monitor – Year to Date Performance

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As summer comes to an end, this has been a very different year for the dairy industry. The year started off with some optimism on improved milk prices, and earnings for the year equal to or higher than 2019. With the onset of the COVID-19 pandemic the outlook changed dramatically. While much was not under the management control of the dairy business, we can look back at what has occurred and changes to date.

With 32 dairy farms participating in the Dairy Profit Monitor (DPM) from January 2020 through June 2020, Graph 1 shows the significant change in milk price, with the decrease in overall prices, along with impacts associated with milk dumping and over-base programs among milk handlers as a result of COVID-19, with a start in recovery in June. Graph 2 shows how the Net Milk Income over Total Feed Costs per Cow decreased along with milk price from March through May, and started rebounding in June.
As a result of lower milk prices and the base reduction plans, producers began decreasing feed costs per CWT and per pound of dry matter fed to try to mitigate loss, as seen in Graphs 3 and 4. As a result, along with warmer weather, this can attribute to the slight decrease in pounds of components per cow per day as seen in Graph 5.

GRAPH 3

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While producers do not have control over their milk prices, performance can be measured by using fixed milk prices as shown in Graph 6. By analyzing net milk income over total feed costs per cow (NMIOTFC) using a fixed milk price, we can see how performance has changed over time given the factors that producers can control. On average, for the first six months of 2020, NMIOTFC with a fixed milk price stayed fairly consistent at about $8.00 with the small decrease in milk production being offset by the decreases in feed costs.
Milk sold per worker is another factor analyzed in DPM. **Graph 7** shows a slight decrease in milk sold per worker from March to April, showing the effect of spring field work being started, leading to a decrease in labor efficiency.

The Dairy Profit Monitor Program is a benchmarking tool that can be used by dairy producers and consultants on a monthly basis to track operating performance over time. This program targets key production factors focused on operating efficiencies with high correlations to farm profitability. Utilizing DPM allows dairy producers to make operational changes in their farm businesses and analyze how their changes impacted performance.

Tracking monthly performance is an important factor in making improvements in your business and maximizing efficiency and performance utilizing your current resources. For more information regarding DPM, please visit [dairyprofit.cornell.edu](http://dairyprofit.cornell.edu) or contact Lauren Hill at leh99@cornell.edu.