

Connecticut Milk Cost of Production Estimates for April, May, and June 2014

Prepared for the Connecticut Commissioner of Agriculture
by Adam N. Rabinowitz and Rigoberto A. Lopez

August 4, 2014

During the second quarter of 2014 Connecticut dairy farmers continued to receive historically high milk prices amid steady but higher cost of producing milk. A new all-time high statistical uniform price of \$25.36/cwt. was reached in April 2014, with declines in May and June. While the average price for the quarter remained just under below \$25/cwt., the average cost of production remained stable at approximately \$33/cwt. or an average minimum sustainable cost of production at approximately \$27/cwt. Thus, the minimum sustainable cost of production still exceeds milk prices at the farm level supporting the continued need for payments to Connecticut dairy farmers for the second quarter of 2014 under Public Act 09-229.

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

	April	May	June	Quarter 2 Average
	Dollars per Hundredweight			
Total Cost of Production				
Connecticut	\$32.98	\$33.57	\$34.18	\$33.58
Minimum Sustainable Cost of Production				
Connecticut	\$27.04	\$27.53	\$28.03	\$27.53
Statistical Uniform Price				
Hartford, CT	\$25.36	\$25.14	\$24.28	\$24.93
Statistical Uniform Price Minus Minimum Sustainable Cost of Production				
Connecticut	-\$1.68	-\$2.39	-\$3.75	-\$2.61

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>.

Zwick Center for Food and Resource Policy
Department of Agricultural and Resource Economics
College of Agriculture and Natural Resources
1376 Storrs Road, Unit 4021
Storrs, CT 06269-4021
Phone: (860) 486-2836 Fax: (860) 486-1932
Contact: Adam.Rabinowitz@uconn.edu, Rigoberto.Lopez@uconn.edu