

# Arizona Dairy Market Trends



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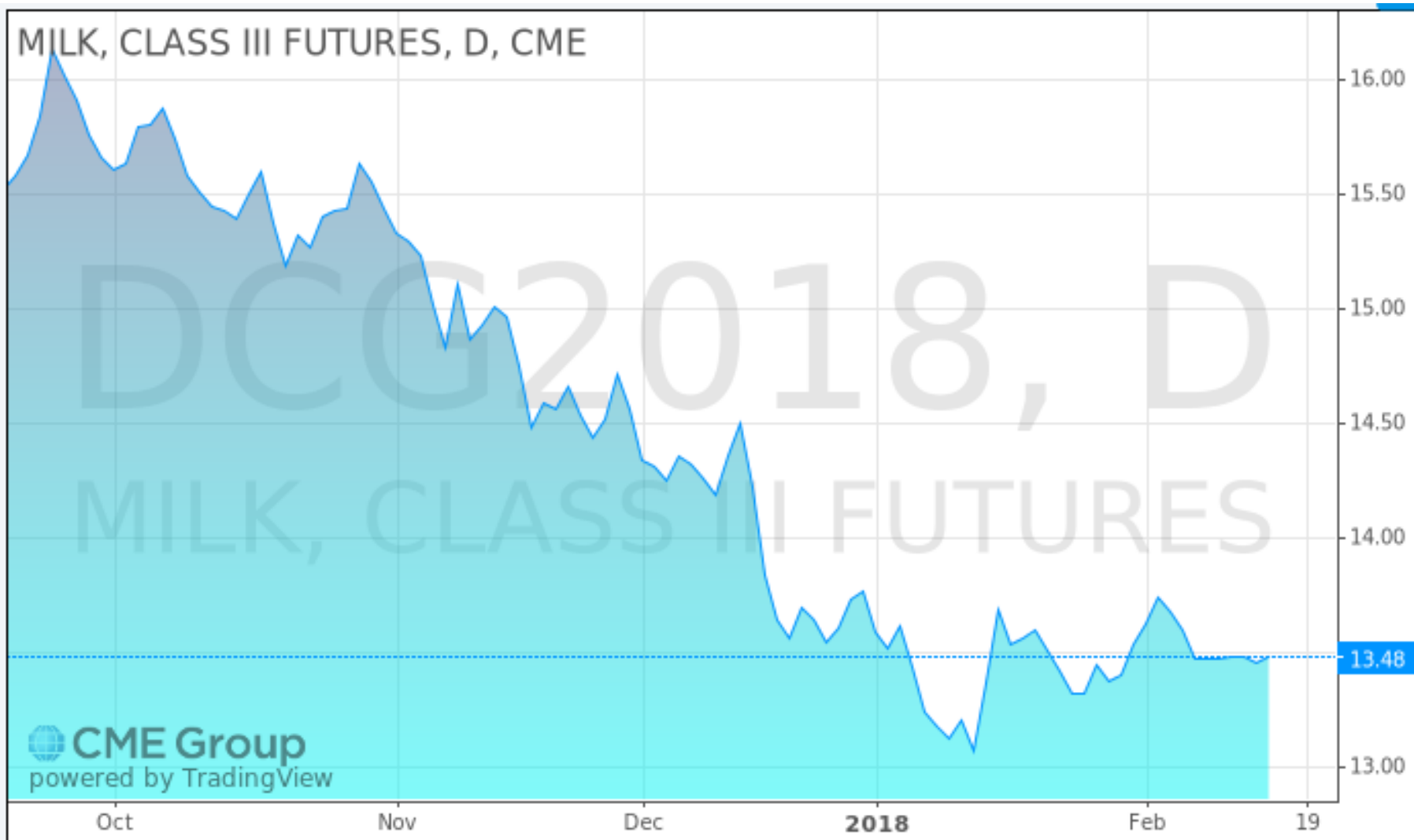
*Farm Credit Services*  
S O U T H W E S T



# Dairy Industry Overview

- 2017 milk near breakeven till late in the year
  - Price softened late in 2017 and into early part of 2018
- 2017 Dairy Herd Trends
  - Arizona increased 3.6%
  - Nationwide increased 1%
- Milk Production Trends
  - Arizona up 2.3% from 4<sup>th</sup> Qtr '16
  - Nationwide up 1.1% from 4<sup>th</sup> Qtr '16

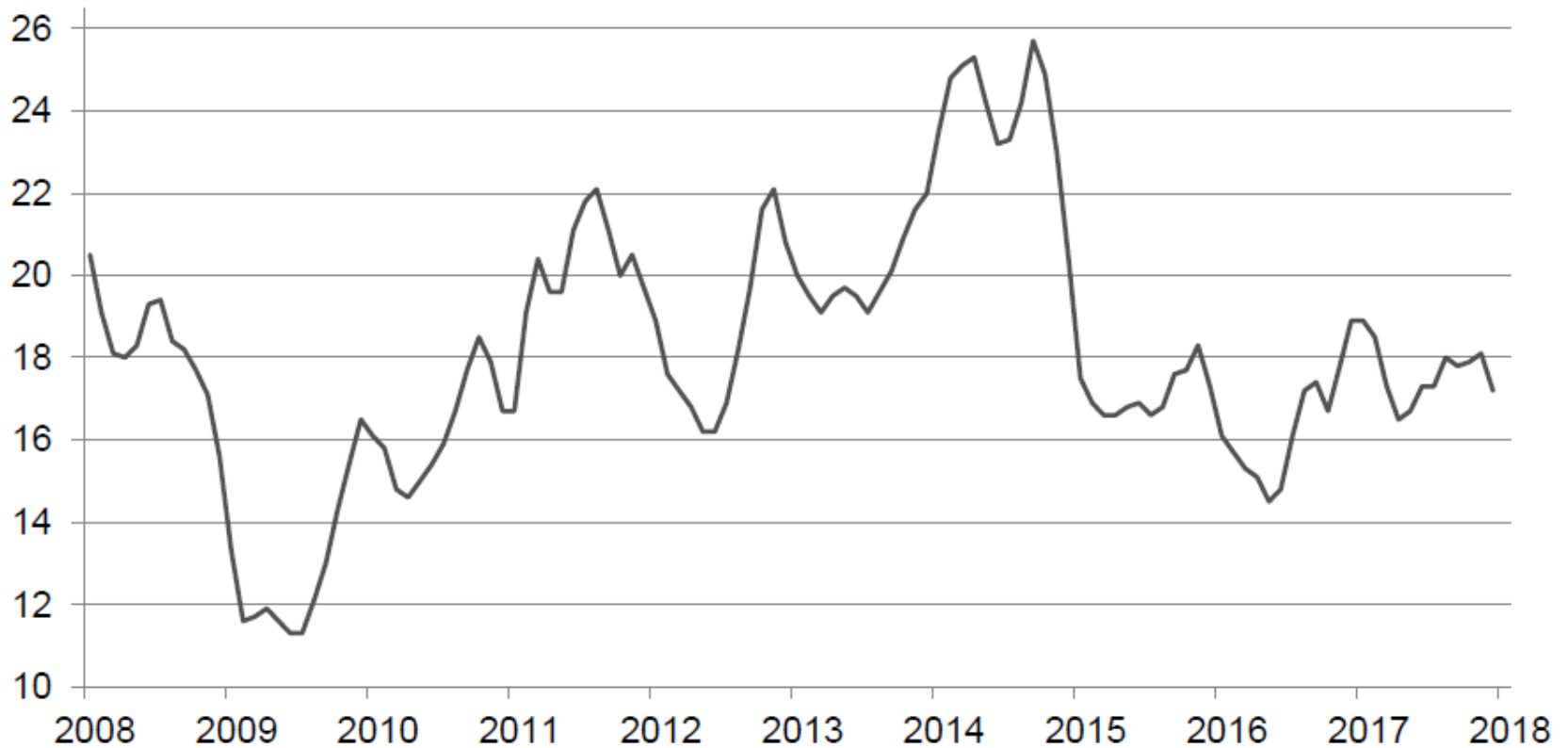
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# Milk Price by Month- United States

Source- USDA NASS

Dollars per cwt

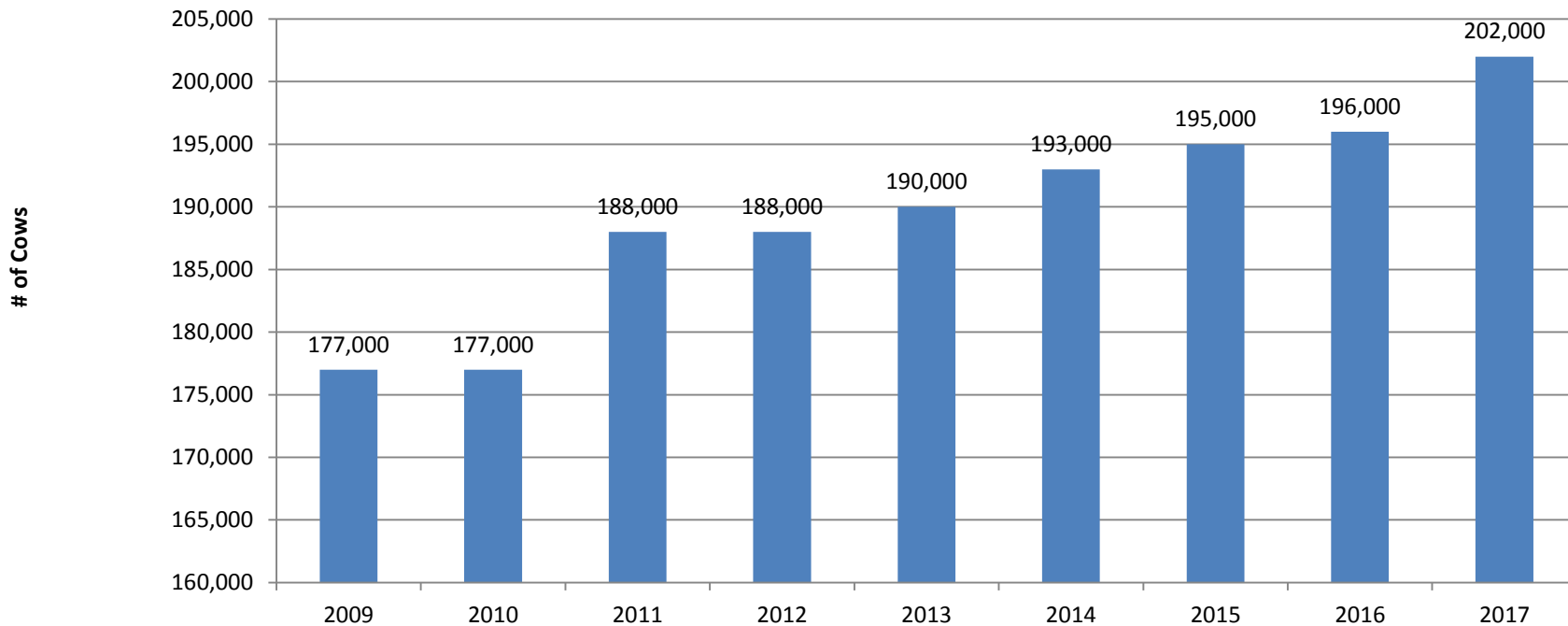


## Prices Received for All Milk – States and United States: December 2017 with Comparisons

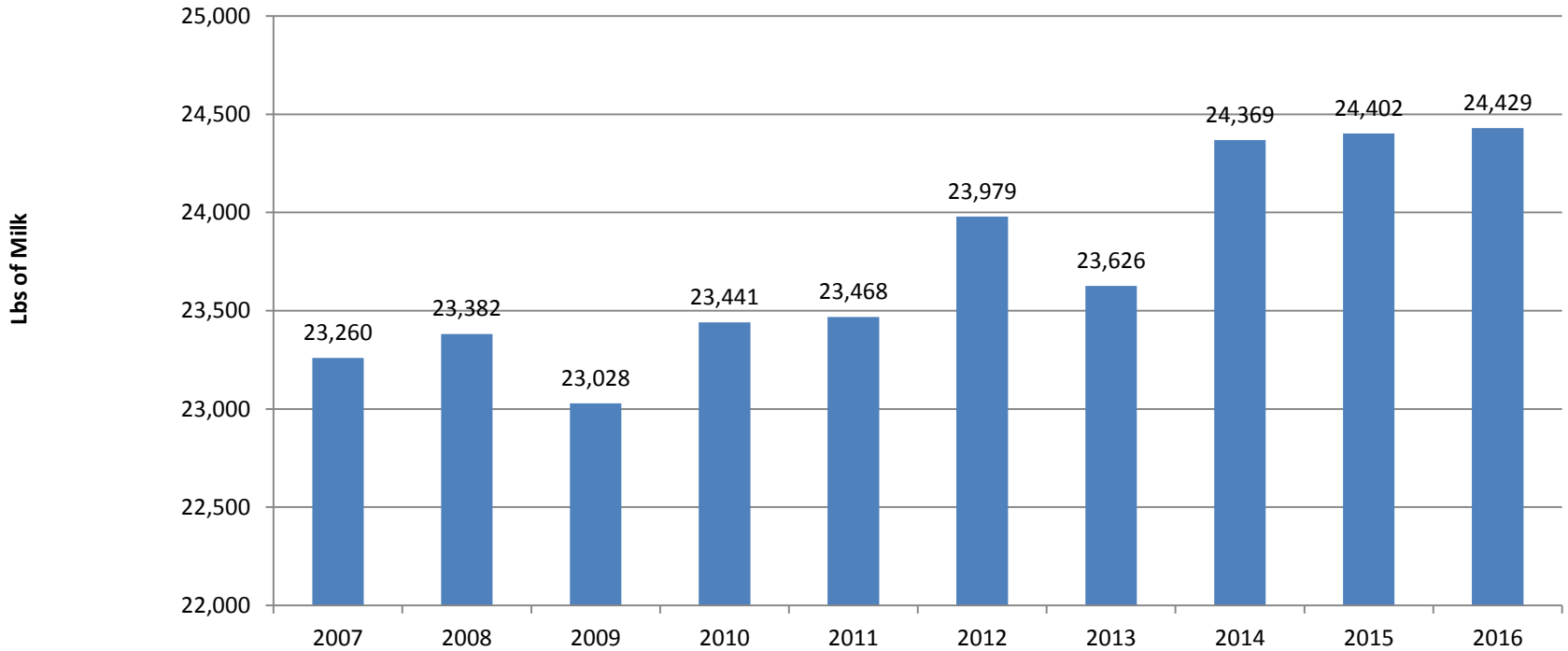
[Before deduction for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies]

State	December 2016		November 2017		December 2017	
	Price	Fat test	Price	Fat test	Price	Fat test
	(dollars per cwt)	(percent)	(dollars per cwt)	(percent)	(dollars per cwt)	(percent)
Arizona .....	17.20	3.69	16.70	3.72	16.00	3.72
California .....	17.55	3.96	16.95	3.94	15.73	3.94
Colorado .....	19.20	3.81	18.50	3.81	18.00	3.81
Florida .....	22.10	3.70	21.50	3.77	21.60	3.74
Idaho .....	18.60	4.07	18.00	4.05	16.80	4.09
Illinois .....	19.70	3.98	19.20	3.99	18.00	3.98
Indiana .....	19.20	3.92	17.90	3.89	17.30	3.91
Iowa .....	19.50	4.00	18.80	4.07	17.50	4.02
Kansas .....	18.70	3.89	17.70	3.91	16.70	3.93
Michigan .....	17.80	3.84	16.60	3.76	16.00	3.78
Minnesota .....	19.60	4.03	18.70	4.06	17.10	4.03
New Mexico .....	18.20	3.77	17.00	3.77	16.30	3.80
New York .....	19.30	3.96	18.30	3.95	17.70	3.97
Ohio .....	19.30	4.01	18.70	3.89	18.20	3.91
Oregon .....	21.30	4.15	20.90	4.12	19.60	4.12
Pennsylvania .....	19.70	3.96	18.70	3.93	18.20	3.92
South Dakota .....	20.50	4.20	19.60	4.26	18.10	4.24
Texas .....	20.30	4.18	19.00	4.19	18.40	4.21
Utah .....	18.80	3.99	18.40	3.93	17.60	4.00
Vermont .....	19.70	3.95	18.60	3.90	18.10	3.94
Virginia .....	20.50	3.91	19.70	3.87	19.10	3.91
Washington .....	19.00	4.15	18.30	4.12	17.60	4.12
Wisconsin .....	19.70	3.94	19.00	3.97	17.80	3.98
United States .....	18.90	3.97	18.10	3.96	17.20	3.97

## # of Dairy Cows in Arizona per USDA's AZ Agricultural Statistics



## AZ Milk Production Per Cow per USDA's AZ Agricultural Statistics



# Milk to Feed Ratio- US

Source- UW Madison

- Measures how much feed can be purchased with 1lb of milk
- Historically 2.5 or higher means profit/expansion, 2 or lower means contraction
- 2017 ended at 2.38

**Milk-Feed Price Ratio - US**





# Arizona Dairy Values

- Sales activity very limited- 1 sale in 2017 shows stable market
- Saudi style facilities
  - Saudi facility sales: \$1,700 to \$2,737 per cow
- Conventional style dairies
  - No recent sales noted
  - Older sales range from \$1,000 to \$1,500 per cow
- Values vary depending on land base, replacement facilities and on-site housing



# Rental Rates

- Conventional dairies
  - \$8-13 per wet head/month
- Saudi style dairies- limited marketed data due to no vacancy.
  - \$15-\$17 per wet head/month
- Good cow cooling, on-site housing and calf/heifer facilities command more rent per COW



# Dairy Industry Outlook

- 2018 milk price softened
- Feed costs remains low- inputs are manageable
- Competition from alternative products for consumer dollars

