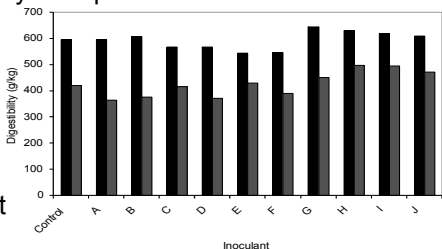


Silage Quality Impacts Feed Cost

One option that can help control feed cost on farm is to maximize forage levels in the ration and also to maximize forage quality and digestibility. In a recent seminar, Dr. Renato Schmidt of Lallamand remarked "production of quality silage is dependent on management decisions and practices implemented before, during and after ensiling." In 2004, Antoniali and co workers reported reduced counts of yeast and molds along with increased aerobic stability (feed bunk life) when corn silage was inoculated with *Lactobacillus*. Additionally, Adesogan and co-workers reported that mixed or 'combo' inoculants that contain both homolactic and heterolactic microbes were superior to single organism inoculants for maintaining feed bunk stability. Data reported by Weinberg and co-workers in the Journal of Dairy Science (Volume 90 page 4754) are summarized graphically. The 9 inoculants tested are all available commercially from different companies and were added to corn silages during the ensiling process. From this graph it is easy to see that some inoculants improved dry matter digestibility (black bars) compared to uninoculated controls while others depressed dry matter digestibility compared to the controls. Similarly, some inoculants improved NDF digestibility (shaded bars) while others depressed NDF digestibility compared to controls. From this graph it becomes apparent that not all inoculants are created equal and that different inoculants produce different end results. A thorough evaluation of test data along with a wise decision making process can improve forage quality and help keep feed cost reasonable which in turn will help maintain profitability on farm.



NY Dairy Farm Business Summary 2007

The table below shows performance of selected dairy farms from NY for 2007. This selection contains 83 herds with 300 cows or more. The producers who participate in this survey do so voluntarily; therefore they may not represent a random sampling of all herds in NY.

The first two columns are the average for these 83 farms over 2006 and 2007. In the last column the data of the top 20% herds with the highest rate of

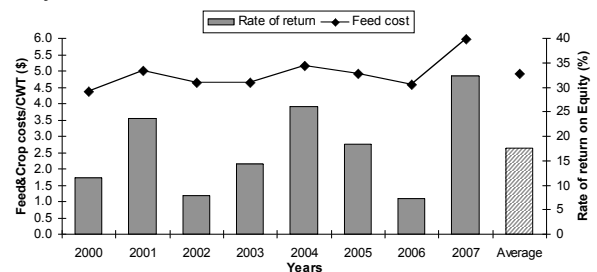
return on all assets without appreciation are shown. In 2007 the average rate of return on equity without appreciation was 20.8%, while the top producers earned 32.4%.

Milk prices earned in 2007 were record high. Compared to 2006 milk price was 47% higher. Although farm-operating cost increased, the increase was smaller than the increase in milk income. Performance of the selected dairy farms was much better in 2007 than in 2006. Compared to other record years like 2004 and 2005, performance was outstanding in 2007.

The top 20% had a 56% higher rate of return on equity than the average of the dataset. Farm size of the average group and the Top 20% is similar. It seems that the main reasons why the top 20% have a higher rate of return on equity due to reduced labor and capital costs and more milk sold per cow. Feed costs are similar for both groups.

Often milk prices are higher in the years that feed prices are higher. If we look at the data from 2000 through 2007 (figure 1) it seems that top producers have a higher rate of return on equity in years that feed costs are higher. Currently feed prices for almost everything are going up. Milk price is lower compared to 2007, but still good. Forecast for 2008 is that dairy farming will be less profitable than in 2007, but the high feed prices do not necessarily mean that the return on equity will be dramatically reduced. In a year like 2008 it is more important to maximize income, control other costs and make best use of capital. This will keep a dairy farm healthy.

Figure 1: Feed cost per CWT and rate of return on equity (%) from 2000 till 2007 and the average of those years.



Selected Management and Financial Characteristics of 83 Large NY Dairy Farms 2007¹

| Item | Average 2006 | Average 2007 | Top 20% ² |
|-------------------------------------------|--------------|--------------|----------------------|
| Number of cows | 733 | 742 | 711 |
| Worker equivalents | 16.08 | 16.43 | 15.97 |
| Milk sold/cow, lb | 23,787 | 23,804 | 25,360 |
| Milk fat/cow, lb | 875 | 860 | 908 |
| Milk protein/cow lb | 718 | 731 | 762 |
| Milk sold/worker, lb | 1,084,017 | 1,075,016 | 1,127,991 |
| Hired labor/cwt | \$ 2.76 | \$ 2.87 | \$ 2.64 |
| Hired labor % of milk sales | 19.9% | 14.1% | 12.7% |
| Purchased feed % of milk sales | 29% | 24% | 23% |
| Purchased feed/cwt | \$ 4.02 | \$ 4.90 | \$ 4.93 |
| Feed and crop expense/cwt | \$ 4.99 | \$ 6.08 | \$ 5.98 |
| Total farm operating cost/cwt | \$ 14.56 | \$ 16.29 | \$ 15.35 |
| Interest cost/cwt | \$ 0.77 | \$ 0.81 | \$ 0.61 |
| Farm capital/cow | \$ 7,475 | \$ 8,098 | \$ 7,347 |
| Machinery & Equipment/cow | \$ 1,255 | \$ 1,359 | \$ 1,080 |
| Asset turnover ratio | 0.56 | 0.72 | 0.84 |
| Gross milk sales/cwt | \$ 13.86 | \$ 20.36 | \$ 20.82 |
| Dairy cattle sales/cow | \$ 265 | \$ 277 | \$ 305 |
| Dairy calf sales/cow | \$ 65 | \$ 34 | \$ 52 |
| Labor and mgt. income/operator | \$ -46,601 | \$ 357,338 | \$ 524,390 |
| Rate of return on equity w/o apprec. | -0.9% | 20.8% | 32.4% |
| Rate of return on all capital w/o apprec. | 1.9% | 15.5% | 23.2% |
| Debt/cow | \$ 3,077 | \$ 2,939 | \$ 2,431 |
| Debt to asset ratio | 0.41 | 0.34 | 0.31 |

¹ Dairy Farm Business Summary New York Large Herd farms, 300 cows or larger, Karszes et al. 2008. E.B. 2008-06. Dept. Appl. Econ. Man. Cornell Univ. Ithaca, NY

² Top 20% based on rate of return on all assets without appreciation

Heat Stress and MR Program

This year, Broucek et al. reported that calves housed in hutches bedded on straw consumed 28% less starter and gained 15% less body weight during summer months with heat stress than during months with no heat stress. They saw some reduction in hay intake with heat stress (although they should not have fed hay to young calves). In the fall of 2007, we reported 6 years of data from our naturally ventilated calf nursery where calves are bedded with straw. In that report, starter intake from 0 to 28 d of age was reduced 52% during periods of heat stress vs. period without heat stress in calves fed White Gold or Pinnacle MR. Body weight gain from 0 to 28 d was also reduced in periods of heat stress. Gain was reduced 30% (0.9 vs. 1.3 lb/day) from heat stress in calves fed Pinnacle MR. However, gain was reduced by 50% (0.4 vs. 0.8 lb/day) from heat stress in calves fed White Gold MR. Note that calves fed Pinnacle MR grew faster during periods of heat stress than calves fed White Gold MR during periods without heat stress. Most all would agree that heat stress has a large negative affect on calf performance. Pinnacle MR is a highly effective option to ameliorate the negative impact of heat stress on calves.

Cow Signals – A Practical Guide for Dairy Cow Management

Cows send out signals about their well being all the time. In to day-day management of the cows it is important to pick up these signals. Due to other business the antenna to pick up signals might have become shorter or rusty. Hoard's Dairyman is distributing a book called 'Cow Signals'. This book is written by Jan Hulsen (www.vetvice.com), a veterinarian and cow lover. This practical guide might help you to improve observations on cows and try to answer the questions: Why cows have certain behavior? What is the cause? What does it mean?

Cow signal can be ordered via the website of Hoard's Dairyman (<https://www.hoards.com/webstore.asp>) for \$ 22.90 and is available in English and Spanish.

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