

## Medicated milk replacers – Yes or No?

The most popular option for calf milk replacers in the US is Neo-Terra (USDA survey in 2008). Interestingly, this medication option was recently applied as a treatment in two separate expert review publications. The quick take home message is neither was better than the non-medicated control.

In a Penn State University study, the three milk replacer treatments were a non-medicated control, a commercial microbial product, and Neo-Terra. There were no differences in calf weight gain, medical treatments, and scouring.

In a study from Washington State University, there were four treatments: 1) non-medicated milk replacer, aggressive antimicrobial treatment for scours, 2) non-medicated milk replacer, electrolyte treatment with limited antimicrobial treatment for scours, 3) Neo-Terra medicated milk replacer, aggressive antimicrobial treatment for scours, and 4) Neo-Terra medicated milk replacer, electrolyte treatment with limited antimicrobial treatment for scours. Calves fed medicated milk replacer had more days with scours than calves fed non-medicated milk replacers. Calves treated for scours with electrolytes with limited antimicrobial treatments had fewer days with scours and tended to have a greater body weight gain than calves aggressively treated with electrolytes. Use of a non-medicated milk replacer with electrolyte treatment with limited antimicrobial treatments saved \$10 per calf and resulted in healthier and possibly heavier calves.

Sources: *Livestock Sci.* 125:149-154 (2009); *J. Dairy Sci.* 92:4707-4714 (2009).

## Drenching of Propylene Glycol

Researchers from Penn State University investigated different methods of supplying propylene glycol to cows. Propylene glycol is known to treat ketosis by increasing blood glucose concentrations. A drench dose of 500 ml/d or more is often used to treat clinical ketosis.

To prevent or reduce subclinical ketosis lower doses are drenched as a preventative. In this case drenching gives additional stress for the cows and labor for the farm. In this study effects are being investigated of drenching, feeding or top dressing propylene glycol in the rumen and in blood.

Although the daily amounts of propylene glycol delivered via the treatments were similar there were differences. Drenching resulted in a more glucogenic rumen environment. Also blood profiles were more glucogenic when cows were drenched. Researchers concluded that feeding of propylene glycol was not as effective as drenching to prevent ketosis.

Source: *J. Dairy Sci.* 92: 4555-4564

## NY Dairy Farm Business Summary 2008

During the review of the NY Dairy Farm Summary 2007, we forecasted dairy farms would be less profitable in 2008 compared to 2007. As Figure 1 shows this prediction was right. Since 2000, these producers had the highest rate of return on equity in years that feed prices were high.

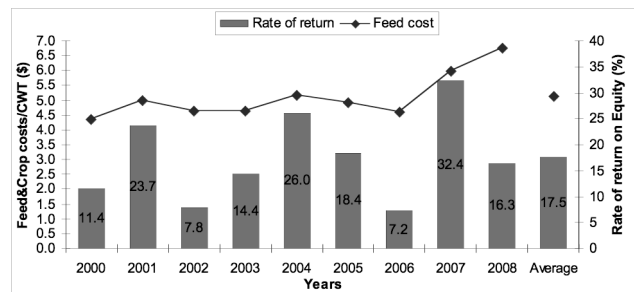


Figure 1: Feed cost per CWT and rate of return on equity (%) from 2000 till 2008 and the average of those years.

The table on the second page shows performance of selected dairy farms from NY for 2007 and 2008. The average performance of 2008 is based on 90 herds with 300 cows or more. The producers who participate in this

### Selected Management and Financial Characteristics of Large NY Dairy Farms in 2008<sup>1</sup>

Item	Average 2007	Average 2008	Top 20% <sup>2</sup> 2007	Top 20% <sup>2</sup> 2008
Number of cows	759	842	711	967
Worker equivalents	16.72	18.75	15.97	20.45
Milk sold/cow, lb	23,780	24,838	25,360	26,399
Milk fat/cow, lb	860	900	908	950
Milk protein/cow lb	731	759	762	805
Milk sold/worker, lb	1,079,183	1,115,573	1,127,991	1,248,929
Hired labor/cwt	\$ 2.88	\$ 2.94	\$ 2.64	\$ 2.67
Hired labor % of milk sales	14.20%	15.3%	12.7%	14.0%
Purchased feed % of milk sales	24%	30%	23%	29%
Purchased feed/cwt	\$ 4.90	\$ 5.80	\$ 4.93	\$ 5.53
Feed and crop expense/cwt	\$ 6.08	\$ 7.17	\$ 5.98	\$ 6.75
Total farm operating cost/cwt	\$ 16.39	\$ 17.72	\$ 15.35	\$ 16.06
Interest cost/cwt	\$ 0.83	\$ 0.53	\$ 0.61	\$ 0.40
Farm capital/cow	\$ 8,033	\$ 8,834	\$ 7,347	\$ 8,520
Machinery & Equipment/cow	\$ 1,324	\$ 1,439	\$ 1,080	\$ 1,374
Asset turnover ratio	0.73	0.63	0.84	0.68
Gross milk sales/cwt	\$ 20.32	\$ 19.21	\$ 20.82	\$ 19.09
Dairy cattle sales/cow	\$ 282	\$ 310	\$ 305	\$ 309
Dairy calf sales/cow	\$ 34	\$ 27	\$ 52	\$ 29
Labor and mgt. income/operator	\$ 357,976	\$ 143,753	\$ 524,390	\$ 417,649
Rate of return on equity w/o apprec.	20.70%	8.5%	32.4%	16.3%
Rate of return on all capital w/o apprec.	15.40%	7.2%	23.2%	12.9%
Debt/cow	\$ 2,985	\$ 3,058	\$ 2,431	\$ 2,523
Debt to asset ratio	0.35	0.34	0.31	0.29

<sup>1</sup> Dairy Farm Business Summary New York Large Herd farms, 300 cows or larger, Karszes et al. 2009. E.B. 2009-06. Dept. Appl. Econ. Man. Cornell Univ. Ithaca, NY

<sup>2</sup> Top 20% based on rate of return on all assets without appreciation

survey does so voluntarily; therefore they may not represent a random sampling of all herds in NY.

The first two columns are the average results of the farms that joined the survey over 2007 and 2008. In the last two columns the data of the top 20% herds with the highest rate of return on all assets without appreciation are shown for 2007 and 2008. In 2008 the average rate of return on equity without appreciation was 8.5%, while the top producers earned 16.3%. This is half compared to the 2007 results for the top 20% and slightly below the average of 17.5% over the period from 2000 till 2008.

On average milk price for 2008 was over one dollar lower compared to 2007. Compared to previous years this was a still a good milk price. Main reason why return on equity was so much lower was an increase in feed cost. This added a dollar to the feed and crop expense/cwt.

The top 20% had a 91% higher rate of return on equity than the average of the dataset; this relative difference is higher compared to 2007. Results from 2007 showed similar farm size and feed cost between the average and the top 20%

producer. The difference in performance came from higher milk production per cow, reduced labor cost, reduced operating cost and reduced capital cost. For 2007 farm profiles are different with the top 20% having more cows with higher production. Besides performing better on the items mentioned for 2007 in 2008 the top 20% also had lower feed cost.

As discussed in the forecast for 2008 we mentioned that dairy farming would be less profitable than in 2007 due to increasing feed prices. The presented data show that if farms were able to maximize income, control feed cost, control other costs and make best use of capital 2008 was an average year. Looking at what happened else in 2008 you might conclude that dairy farming was not a bad investment for 2008.

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