

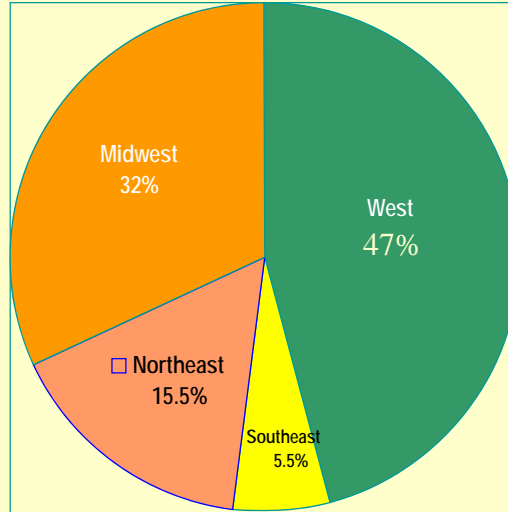
Western Dairy Trends

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Objectives

- **Discuss Trends**
 - ◆ **Production**
 - ◆ **Management**
 - ◆ **Profitability**
 - ◆ **Opportunities**
- **What about the Future?**
- **Set the Stage**

Regional Distribution of Milk Production, 2006



Idaho's Dairy Situation

- Use Idaho Database
- USDA Ag Statistics

Will Compare and Contrast with Washington where Appropriate

Top 5 Commodities

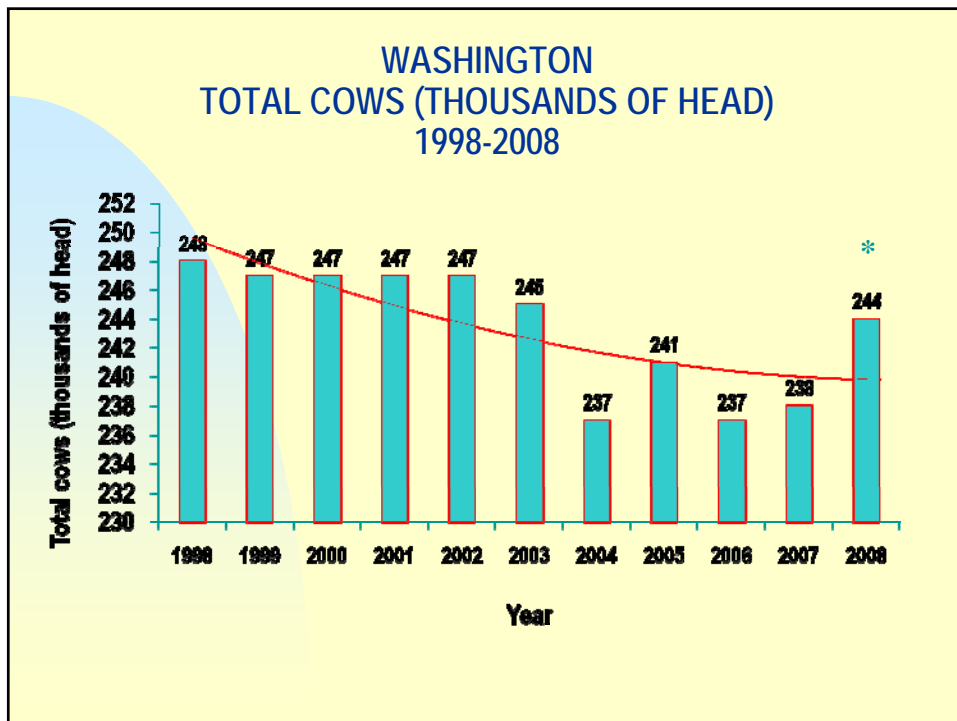
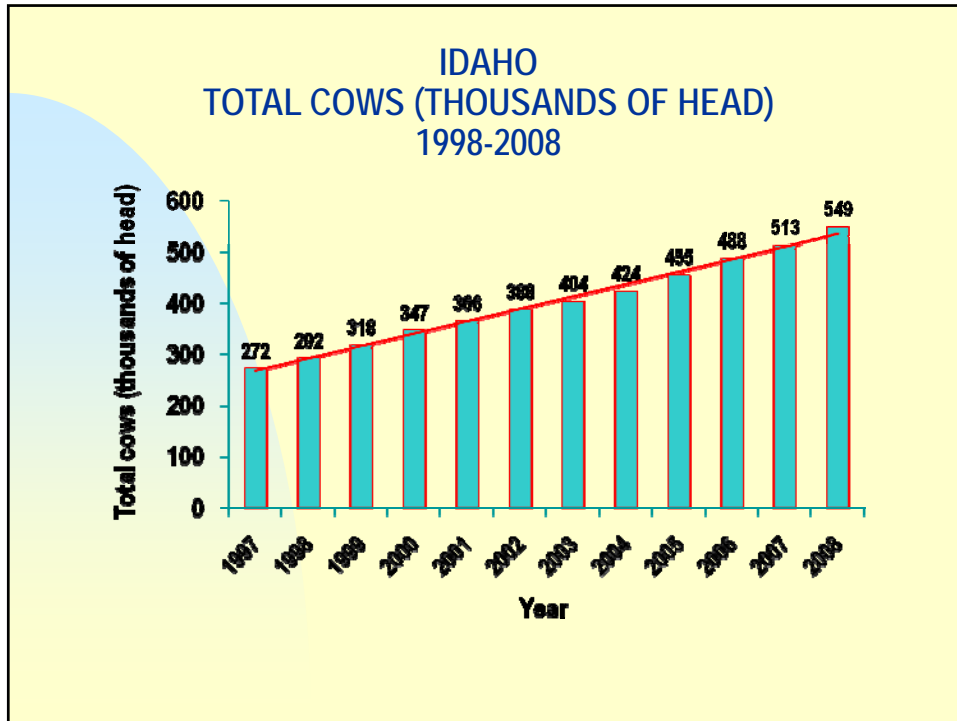
Selected Years (Idaho)

2004	2005	2006	2007	2008
Dairy	Dairy	Dairy	Dairy	Dairy
Beef	Beef	Beef	Beef	Beef
Potato	Potato	Potato	Potato	Potato
Wheat	Wheat	Wheat	Hay	Wheat
Hay	Hay	Hay	Wheat	Hay

Livestock = 53% of Idaho total farm revenue

Idaho Milk Markets

- **Class III, 65-70%**
- **Class I, II, IV, 10-12%
Each**



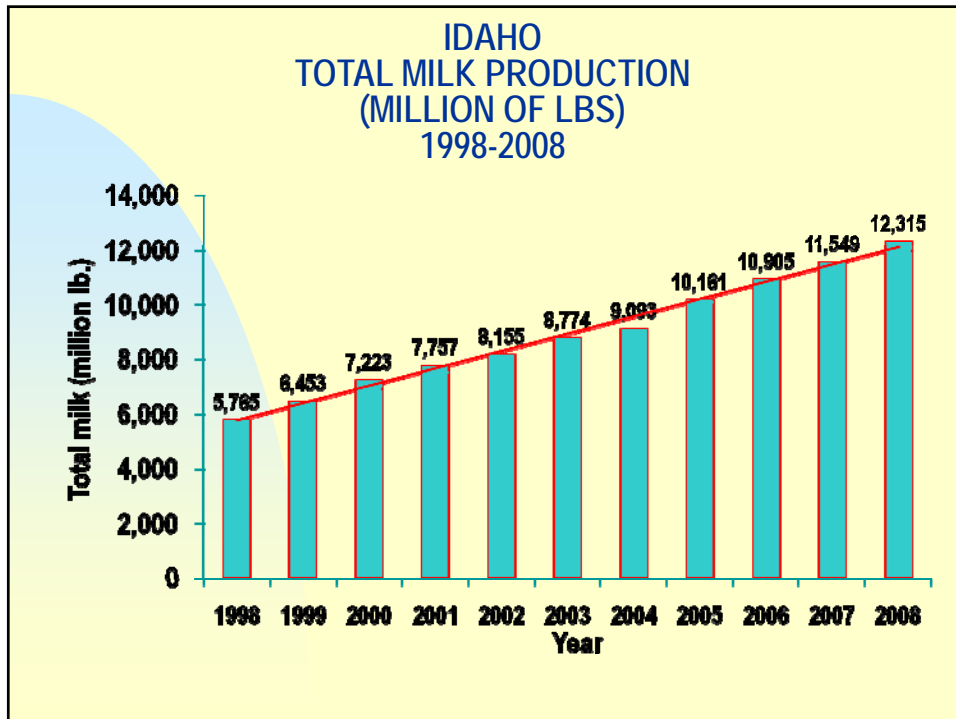
In 2008

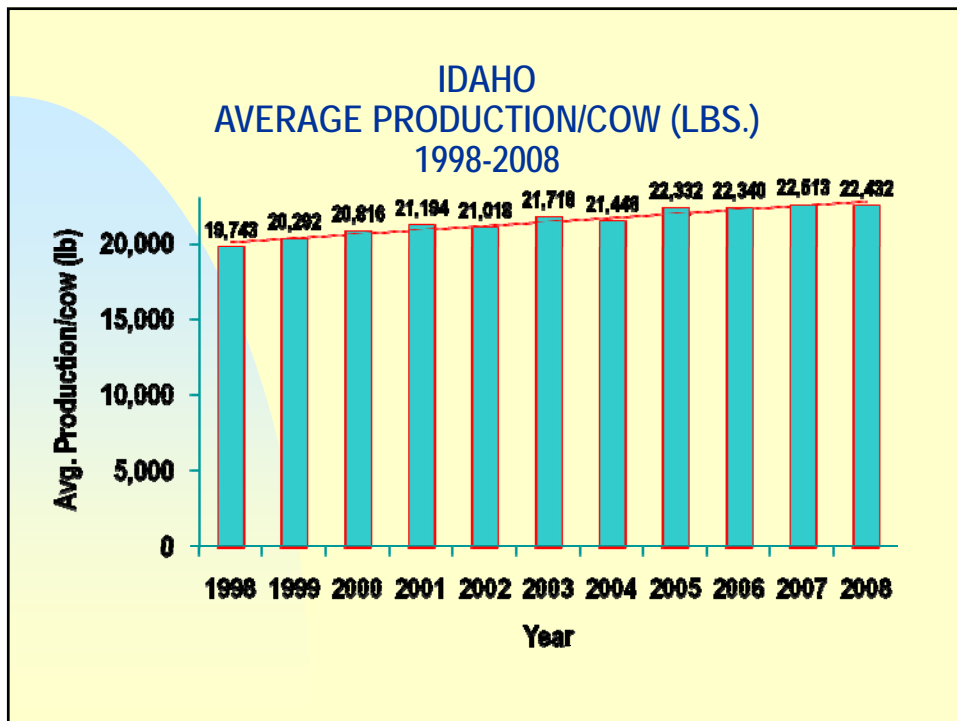
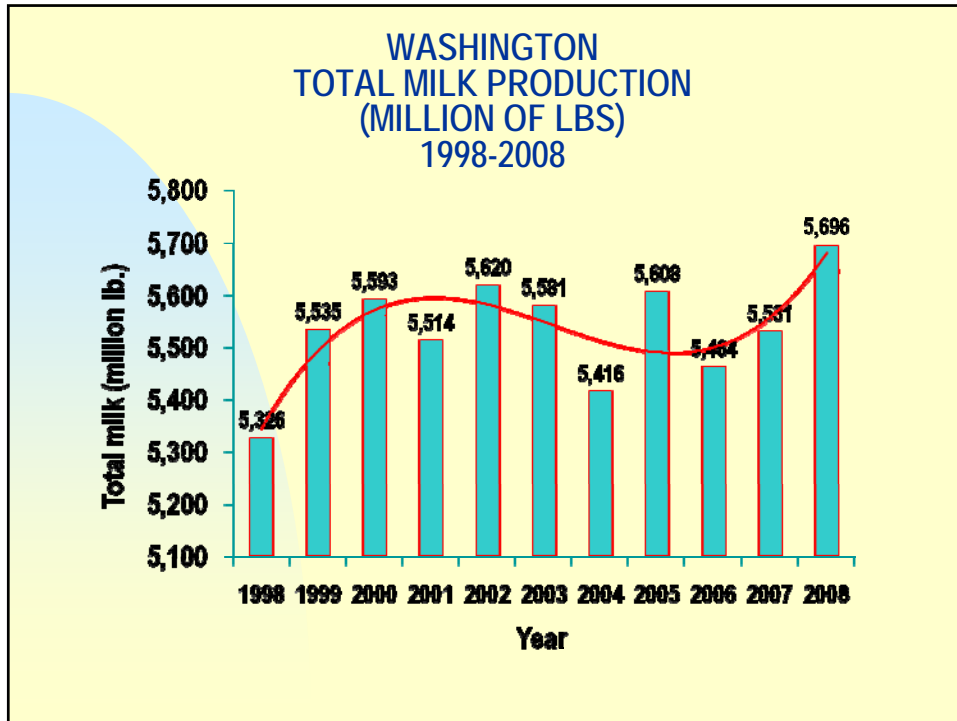
Idaho

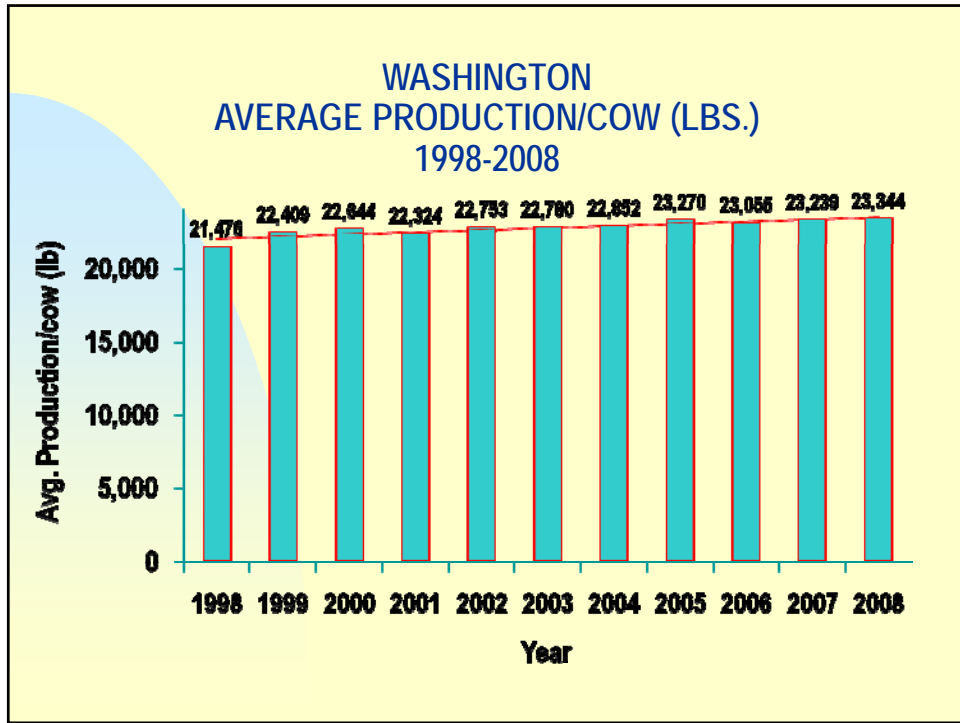
- 549,000 Dairy Cows
 - ◆ 2007: 513,000 cows, 7.0 % increase
- 635 Farms (2006:690;2007:665 Farms)
- Average Herd Size: 865 (07:771 cows)

Washington

- 244,000 Dairy Cows **2007: 238,000 cows; 2.5% increase**
- 500 Dairy Farms (07:530)
- Average Herd Size: 488 (07:446 cows)







Top 10 Dairy States in 2008

	Total milk production	Milk production /cow	Total cows
1	California	Arizona	California
2	Wisconsin	Wisconsin
3	New York	New Mexico	New York
4	Colorado	Pennsylvania
5	Pennsylvania
6	Minnesota	California	Minnesota
7	Texas	Michigan	Texas
8	New Mexico	Utah	Michigan
9	Michigan	Nevada	New Mexico
10	<i>Washington</i>	Kansas	Ohio

Idaho's Dairy Industry

- **Idaho currently is:**
 - ◆ **the 2nd largest milk producing state in Western U.S.**
 - ◆ **the 4th largest manufacturer of American type cheese**
 - ◆ **the 4th largest milk producing state nationally**
 - ☞ **ID ranks #5 in cow numbers**
 - ☞ **ID ranks #4 in milk production/production**

Idaho

- **Dairying contributes more than \$4 billion annually to ID's economy**
- **Dairy farmers received: \$ 2,10,564,000**
- **Beef farmers received: \$ 1,183,446,000**
- **Dairy products comprise the largest or the second largest agricultural commodity produced in State**
- **Idaho Dairy industry employs ~16,000 individuals**

Report

- In 2005, the Idaho dairy industry generated more than \$862 million in wages
- The dairy industry is responsible for bringing more than 22,200 jobs to the state.

Washington Dairy Industry

- TheLargest Milk Producing State in the Western U.S.
- Washington Ranks #2 in Milk Per Cow Nationally
- Washington Ranks #10 in total Milk production Nationally
- Washington RanksTotal number of cows Nationally

Washington

- Dairying contributes more than \$2 billion annually to WA's economy
- Dairy products comprise 2nd or 3rd largest agricultural commodity produced
- In State (farm Cash receipts **\$ 1,000,032,000 billion**)
- Beef: **\$605,380**
- Washington Dairies created ~4,300 full time job

Western Feeding Programs

- Based on High Quality Forage
 - ◆ Alfalfa Hay
 - ◆ Corn Silage



Western Feeding Programs

-
- ◆ Barley
- ◆ Beet Pulp
- ◆ Corn
- ◆ Brewery Products
- ◆ Whole Cottonseed
- ◆ Meal Products



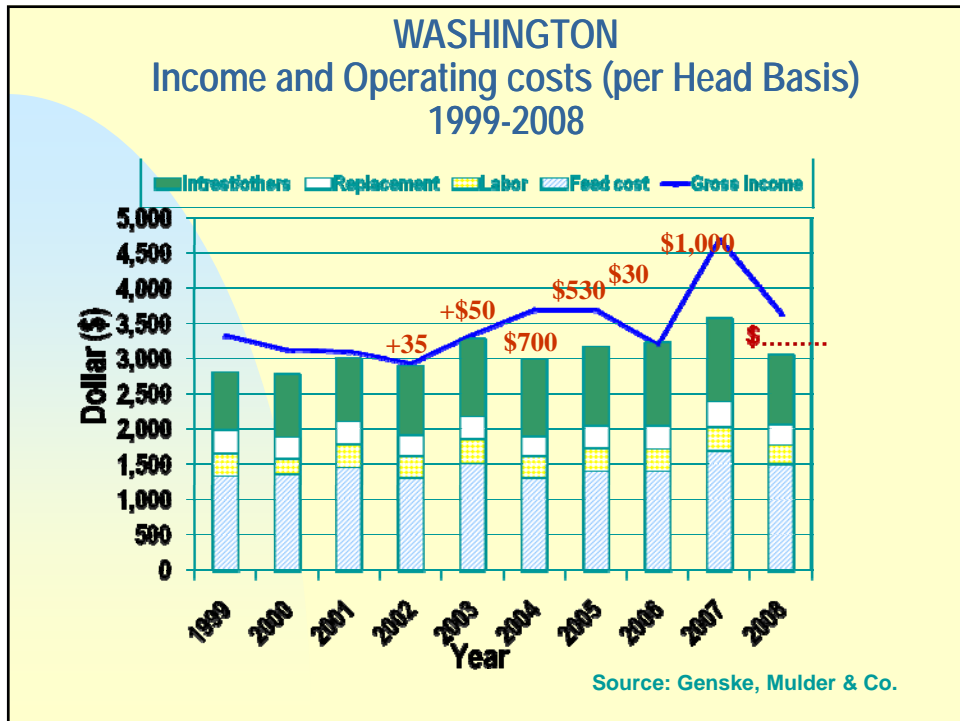
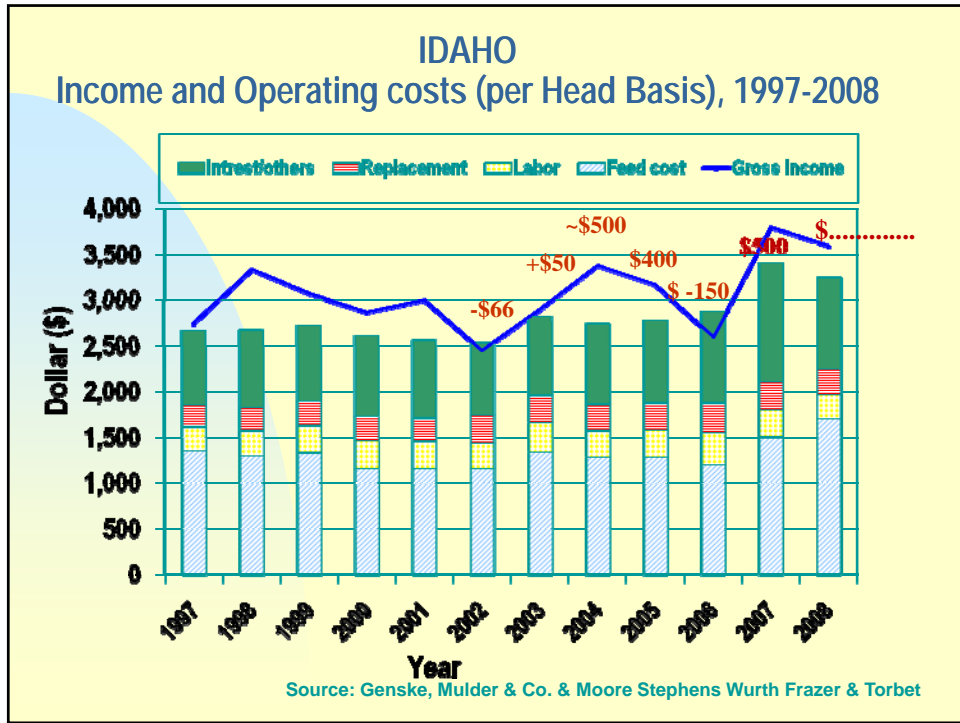
Western Animal and Crop Agriculture

- Crops Feed Directly to Livestock
 - ◆ Barley, Corn, Hay, etc.
- By-Products
 - ◆ Beets, Potatoes, Brewing, etc.
- Cash Crops Grown in Rotation with Hay and Grain
- Clearly Dependent on Each Other

Western Facilities

- Housing Types
 - ◆and
- Commodity Sheds
- Manure Facilities
- Lock Type Stanchions
- Large Parlors
- Replacement Housing
 - ◆ Individual Calf Hutch

Are Dairies Profitable?



Dairy Income and Expenses (per cwt.) 2008

Item	Idaho	Washington
Total Income	\$18.35	\$19.50
Feed Costs	\$.....	\$.....
Replacement Cost	\$.....	\$.....
Custom Ser., Supplies, Fuel, Repairers, milk hauling, etc.	\$2.40	\$2.55
Hired Labor	\$.....	\$.....
Health, Testing, Trimming	\$0.65	\$0.75
Interest and Rent	\$1.00	\$0.75
Ownership Costs (depr., taxes, insurance, etc)	\$1.15	\$1.30
Return !!!	\$1.35	~\$2.75

Source: Genske, Mulder & Co. & Moore Stephens Wurth Frazer & Torbet

Dairy Income and Expenses (per cwt.) 2007

Item	Idaho	Washington
Total Income	\$17.47	\$19.17
Feed Costs	\$7.00	\$6.85
Replacement Cost	\$1.45	\$1.50
Custom Services, Supplies, Fuel, Repairers, Utilities, etc.	\$2.20	\$1.95
Hired Labor	\$1.30	\$1.30
Health, Testing, Trimming	\$0.65	\$0.80
Interest and Rent	1.10	0.91
Ownership Costs (depreciation, taxes, insurance, etc)	\$1.20	\$1.50
Return !!!	~\$2.55	~\$4.35

Source: Genske, Mulder & Co. & Frazer & Torbet

Approximate Milk Production Costs and Returns (% of total cost)-2007

Item	Idaho	Washington
Feed Costs		45-50%
Replacement Cost		8-10%
Custom Services, supplies, fuel, utilities, repairers, etc.		13-15%
Hired Labor		8-9%
Health, testing, trimming		4-5%
Interest & rent		6-7%
Ownership cost (e.g. deprec. taxes, insurance, milk hauling)		8-10%
Return (% recovered cost)	~14.0 % ??	~23 %

What about Regulations?

What about Future Growth?

The Western Dairy Situation

- **Growth in Cow Population**
 - Idaho growing to ~500,000
 - Washington ?
- **Dairies Becoming Larger**
- **Conflicts & Compliance Issues**
- **Public Perception**
- **Milk Price and Feed Price**