



Dairy Price Risk Management

Smoothing out dairying's financial bumps

The price of milk has become more variable in the past several years. Not knowing the price one will receive for one's product will make the dairy business a risky business. Dairy farmers need a way to manage price risk and create a more predictable income.

Response

UW-Extension faculty developed a national project called Integrated Dairy Risk Management Education and Research and a risk management curriculum called Achieving Risk Management Success. They have taught the course in more than 30 workshops across Wisconsin.

Outcomes

- About 600 Wisconsin dairy producers have taken the risk management workshop. Educators in Minnesota, Idaho, Michigan, New York, Ohio and Kansas also teach the course for dairy producers in those states.
- In 2005, interviews with individual producers revealed attitude changes about dairy price risk management. One producer said he is more aware of market conditions and has a better ability to make a profit or be profitable more often. Another producer said that using the marketing tools became more comfortable over time, and he has gone back to his marketing plan many times to see what he would do if prices changed.
- Some of the graduates of the workshops have created marketing clubs to meet occasionally to talk about marketing and production issues that are important to them.
- The workshops have equipped county agents to give better advice to dairy producers.

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