



Farm & Field

Chippewa Valley Agriculture Newsletter

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Good Day!!

June is here and we've barely seen May flowers. Alfalfa maturity appears to be at least 7-10 days behind, compared to last year. We needed rain and have received widespread showers, but now we need warmth for crops and our mental health.

It seems our area schools suffer from later starts when we reach the end of the school year. This year the later starting date combined with snow days, spring breaks means schools will still be in session on June 6. June starts off with Tractor and Machinery Safety Classes during the first week followed by Breakfast in the Valley on Friday the 13th!

We are in the midst of another series of nutrient management educational programs. Over 90% of the county's dairy farmers have written their own nutrient management plans and we are making inroads with beef producers as well. Contact Gary Osborne in Land Conservation or me if you have an interest in protecting the environment and putting more money in your pocket every year.

"Continue to Farm Smarter"

Mahlon Peterson

Mahlon Peterson
UW-Extension Agricultural Agent

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Calendar

June

- 2-7 Tractor & Machinery Safety Training—Fall Creek High School
- 12 Pork Quality Assurance Training— Clark County
- 13 Breakfast in the Valley— Eau Claire County Expo Center
- 21 Summer Begins**
- 23 Meat Animal Project Judging Contest - Eau Claire County Expo Center

July

- 1 Meat Animal Project Fitting & Showing Clinic - the Eau Claire County Expo Center
- 4 4th of July—Office Closed**
- 14-17 Wisconsin State Holstein Show - the Eau Claire County Expo Center
- 15-17 Wisconsin Farm Technology Days - Brown County
- 23-27 Eau Claire County Fair - Eau Claire County Expo Center
- 31 Meat Animal Project Carcass Judging—Augusta Meats



Please call our office for more details, registration fees, etc.

For more Extension Information go to our website:
www.uwex.edu/ces/cty/eauclaire/

Something To Chew On . . .



Mahlon Peterson Ag Agent
Eau Claire County

HOW TO AVOID LOSING FEED VALUE THIS YEAR

Brian Holmes, one of our UW-Extension Agricultural Engineers, shares information regarding ways to avoid losing feed value this year. A variety of conditions have increased the value of feed this year according to Brian Holmes.

Increased cost of production (including fertilizer, fuel, equipment, seed and land rent) has made raising crops more expensive. Demand for crops used in fuel production has caused a diversion of cropland to grains at the expense of forage production. Drought conditions in some areas have reduced the supply of feed.

Dairy producers have been searching for ways to reduce their ration costs to help maintain profitability. Holmes said, "One way to save on feed costs is to reduce the loss of feeds during harvest, storage and feeding processes."

Holmes referenced an analysis that was conducted assuming good and fair management practices for alfalfa and corn forage for a 100 cow herd to demonstrate the economic significance of reducing dry matter loss in forage production. Hay and corn silage were fed to lactating cows, dry cows and most heifers at different rates based on dietary needs. Alfalfa silage represented 45 percent and corn silage represented 55 percent of the whole herd forage diet. Hay silage was valued at \$150/T DM and corn silage was valued at \$125/T DM.

The loss of feed value with good management is \$24,160 per year. This includes a 22.8 percent cumulative dry matter loss from alfalfa representing a \$13,445 loss and an 18.7 percent cumulative dry matter loss from corn silage representing a \$10,715 loss.

The loss of feed value with fair management is \$41,031 per year. This includes a 33 percent cumulative dry matter loss from alfalfa representing a \$22,378 loss and a 28.6 percent cumulative dry matter loss from corn silage representing an \$18,652 loss.

Holmes noted that moving from a fair management practice to a good management practice resulted in a

savings of \$16,871 for the 100 cow herd used in this analysis.

So, what practices can reduce dry matter losses to move from fair to good forage management? Holmes suggests those to achieve the benefits discussed above, improvements need to be made in all aspects of handling forages from harvest to feeding the animals. These improvements include:

- Proper adjustment of equipment, minimizing hay handling operations and harvesting at the recommended moisture content of 60-65 percent for alfalfa and 65-70 percent for whole plant corn reduces losses during harvest.

- Filling storages as quickly as possible helps to reduce respiration and aerobic deterioration losses during silo filling.

- Packing bunker, pile and bag silos densely during filling helps to exclude oxygen penetration during fermentation, storage and feedout. Exclusion of oxygen and precipitation from the forage during the fermentation and storage stages reduces storage losses. This requires tight silos and proper covering with plastic. Those who have observed any black silage on tops and sides of silos have some areas for improvement.

- Feedout losses may not be so obvious. A rough feedout face where less than 6 inches per day are removed will have larger dry matter losses at feedout than when feedout rates are larger and the face is kept smooth and without fissures. Taking care to remove only the amount of feed needed during a given feeding also helps to reduce aerobic deterioration of that feed as it waits for the next feeding.

- Delivering the correct amount of feed to the mixer wagon and not spilling feed during mixer wagon filling makes for a more correct ration and reduces losses at feeding.

- Close monitoring of feed bunks with adjustments to the quantity of feed delivered at the next feeding reduces the amount of feed refusal.

To learn more about recommendations for proper forage harvest, storage and feedout, see the many articles and spreadsheets available at the Harvest and Storage page of the UW-Extension Team Forage web site at URL:

<http://www.uwex.edu/ces/crops/uwforage/storage.htm>

Something To Chew On . . .



*Mahlon Peterson Ag Agent
Eau Claire County*

UW-EXTENSION HOSTS GRAZING SCHOOLS ACROSS WISCONSIN

Farmers interested in switching to rotational grazing or just starting out in grazing should plan to attend one of the Wisconsin Grazing Schools which will be held around the state over the next several months.

The Wisconsin Grazing Schools are designed to teach producers, educators and agency staff the basics of management-intensive grazing with a hands-on approach.

The two-day workshops will provide opportunities for in-depth discussions and field exercises covering both agronomic and livestock topics related to grazing and dairy and livestock production on pastures. Topics include pasture species selection and management, fencing and watering systems, animal health on pasture, animal nutrition, pasture improvement techniques and economics of pasturing systems. Producers will have the opportunity to network with producers already using Management intensive grazing (MIG) as well as University and USDA-NRCS experts in grazing.

Management intensive grazing (MIG) is based on four key factors:

- meeting the nutrient requirements of the grazing animal;
- optimizing forage yield, quality, and persistence;
- environmental stewardship; and
- integrating knowledge and technology into a practical and profitable management system.

Cost for the school is \$75 per person, which includes reference materials and meals during the school. A second person from the same farm can register for \$35. Dates, locations and registration deadlines are:

June 10-11 in River Falls:
Registration deadline – June 2.

June 24-25 in Gleason:
Registration deadline – June 16.

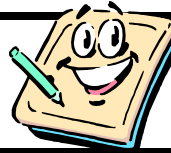
July 22 in Fond du Lac:
Registration deadline – July 14.
Please note the Fond du Lac school is one day only and registration is \$35.

Aug. 19-20 in Richland Center:
Registration date to be announced.

For a brochure and registration information, contact Dennis Cosgrove, UW-River Falls, 410 S. Third Street, River Falls, WI 54022 (715) 425-3345 or by email at dennis.r.cosgrove@uwrf.edu. The brochure can also be downloaded from www.uwrf.edu/grazing under upcoming events.

Randy's Rumors . . .

Randy Knapp, Chippewa County Agricultural Agent



Impacts of Rising Feed Costs on the Costs of Producing Milk

The 2007 dairy cost of production report from the Center of Dairy Profitability shows that feed costs still represent the greatest expense in producing milk. With that in mind, the following material is from Bruce Jones, Extension Farm Management Specialist, on the impacts of rising feed costs.

Recent increases in the prices of corn, soybean meal, and hay have put pressures on dairy producers' profit margins. Fortunately, milk prices have been high enough that dairy producers could cope with these higher feed costs. But now milk prices are declining and dairy producers' profits are being squeezed further. So the financial pain of rising feed prices is becoming more acute for dairy farmers.

The purpose of this report is to give dairy producers and

others an idea of how the costs of producing milk are likely to vary in response to changes in the prices of corn, soybean meal, and hay. Hopefully, this information will help dairy producers gain a perspective of the profits that are currently at risk. Producers can try to preserve some of these profits by locking in a portion of their feed costs or they can roll the dice and hope that feed prices do not rise to even higher levels.

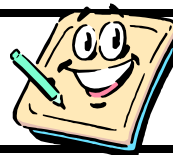
Table I shows how per hundredweight costs of producing milk rise given various increases in the prices of corn, soybean meal (SBM), and hay. The cost variables presented in the table were computed using a modified version of a computerized spreadsheet, entitled Pricer.XLS, that was developed by Terry Howard and Randy Shaver of the UW-Madison Department of Dairy Science.

Table 1

Average Daily Milk Production Per Cow, In Pounds	Increase In Per Hundredweight Cost (\$) of Producing Milk with Increase in:		
	Corn Price of \$0.50 per Bushel	Soybean Meal Price of \$1.00 per Hundredweight (CWT)	Hay Price of \$20 per Ton
60.00	\$0.25	\$0.09	\$0.60
65.00	\$0.25	\$0.09	\$0.55
70.00	\$0.25	\$0.09	\$0.51
75.00	\$0.25	\$0.09	\$0.47
80.00	\$0.26	\$0.09	\$0.45
85.00	\$0.27	\$0.10	\$0.43
90.00	\$0.27	\$0.10	\$0.40

Randy's Rumors . . .

Randy Knapp, Chippewa County Agricultural Agent



The cost of production values in the above table can be used to estimate how much milk production costs, per CWT, could change given changes in the prices of corn, soybean meal, or hay. For example, assume that one is concerned about what might happen to the per hundred-weight cost of producing milk if the price of corn increases \$1 per bushel. To estimate this change in the cost of producing milk, one can take the per CWT cost of approximately 26 cents related to corn and double it. This doubling accounts for the fact that the cost of production values related to corn are for 50 cent per bushel changes in the price of corn. So a \$1 increase in the price of a bushel of corn (two, 50 cent increases) should result in roughly a 52 cent increase in the per CWT cost of producing milk. Similarly, a 25 cent per bushel increase in the price of corn (one half of a 50 cent increase) would only be expected to drive the cost of producing milk up about 13 cents per CWT.

Changes in the per hundredweight costs of producing milk related to changes in the prices of SBM and hay can also be estimated using cost of production values in Table 1. The per hundredweight changes in the cost of producing milk are computed on the basis of: (1) a \$1 per CWT increase in the SBM price resulting in roughly a 9 cents per CWT increase in milk production costs; and (2) a \$20 increase in the price of a ton of hay which pushes milk production costs up somewhere between 40 and 60 cents per CWT.

The extent to which milk production costs rise as a result of increasing hay prices depends on whether a cow is milking at a high or low rate. For a cow producing milk at a rate of 60 pounds per day (about 18,000 pounds per year), a \$10 increase in the price of a ton of hay would be expected to raise the per hundredweight cost of producing milk about 30 cents (half of \$0.60). For a cow producing 80 pounds of milk per day (about 24,000 pounds of milk per year), the same \$10 increase in the price of a ton of hay would only push the costs of producing 100 pounds of milk 22.5 cents (half of \$0.45) higher. This inverse relationship between milk production and hay costs is explained by the fact that higher levels of milk production per cow are achieved by substituting corn and soybean meal for hay.

The prices of corn, soybean meal, and hay in March of 2008, were all substantially higher than they were in March of 2006. Corn prices were up \$2.70 per bushel (from \$2.10 to \$4.80), soybean meal prices \$7.85 per CWT higher (\$8.75 to \$16.60), and hay prices were up \$45 per ton (\$100 to \$145). These increases in the prices of feed all elevated the cost of producing milk.

The cost variables in Table I can be used to estimate the impacts the price increases in corn, soybean meal, and hay each had on the per hundredweight costs of producing milk from March 2006 to March 2008.

Consider, for example, the case where a cow is milking at an average rate of 80 pounds per day. According to the Table I values, the cost of producing 100 pounds of milk was pushed up: (a) \$1.35 from the \$2.70 per bushel increase in the price of corn (\$2.70 divided by \$0.50 times \$0.25); (b) \$0.71 from the \$7.85 per CWT increase in the price of soybean meal (\$7.85 divided by \$1.00 times \$0.09); and (c) \$1.01 as a result of the \$45 increase in the price of a ton of hay (\$45 divided by \$20 times \$0.45). All total, the cost of producing 100 pounds of milk rose \$3.07 due to the increases in corn, soybean meal, and hay prices from March 2006 to March 2008.

Dairy producers who raise some or all of their feed are not being forced to pay the high market prices for corn, SBM, and hay. But they are also having to cope with higher feed costs because the costs of producing feeds have risen as the prices of seed, fertilizer, fuel and other crop production inputs have increased dramatically in the last year. The cost of producing corn could easily be up by as much as a \$1 per bushel this year and the cost of raising hay could rise by as much as \$20 per ton due to higher costs of inputs and cash rents for cropland. These higher costs for raised feed are going to erode dairy producers' profit margins the same way that increases in the prices of purchased feeds cut into producers' net returns. So the values in costs of producing corn and hay may affect the costs of producing milk.

All dairy producers are being forced to cope with the problem high feed costs. Hopefully, this information will help them estimate how the cost of producing milk is likely to change depending upon the costs of purchased or produced feeds.



Jerry Jargon

Jerry Clark

Chippewa County Soil & Crops Educator



HOW OIL PRICES AFFECT YOUR COST OF PRODUCTION

Discussion on most farms this spring has centered on crop input costs, especially fuel and fertilizer. But how much of the increase of cost of production is related to the price of oil?

Between 2003 and 2007, the majority of corn and soybean production cost increases can be attributed to crude oil price increases, according to a study by the University of Illinois.

If crude oil prices continue to rise, production costs for corn and soybeans likely will continue to rise. Rising energy costs directly relate to an era of high production costs for corn and soybeans. With higher costs, farmers need to have higher prices for their commodities.

A University of Illinois report, "Impacts of Rising Crude Oil Prices on Corn and Soybean Production Costs", (http://www.farmdoc.uiuc.edu/manage/newsletters/fefo08_10/fefo08_10.html), is available on Illinois Extension's Farm doc website.

Crude oil prices, corn production costs, and soybean production costs have tended to move together over time. Recently, for example, crude oil prices and production cost have increased dramatically.

Between 2003 and 2007, crude oil prices increased by \$39 per barrel — a 138 percent increase, whereas corn production costs increased by \$100 per acre — a 42 percent increase, and soybean costs increased by \$45 per acre — a 28 percent increase.

Looking at the relationship among these prices since 1972, each \$1 increase in crude oil price increases corn production costs by \$1.51 per acre and increases soybean production costs by 90 cents per acre.

Between 2003 and 2007, crude oil price increases accounted for 58 percent of corn cost increases and 79 percent of soybean cost increases. From 1972 through 2007, inflation accounted for an average yearly increase

in production costs of \$3.78 per acre for corn and \$4.26 per acre for soybeans.

Due to crude oil price increases, corn costs in 2008 are expected to be \$48 per acre higher than in 2007, and soybean costs are expected to increase by \$29 per acre.

The report also notes that model results can be used to predict corn and soybean costs based on anticipated crude oil prices.

For example, a \$120 crude oil price implies a \$78 increase in corn costs, a 23 percent increase over 2007 corn costs. Soybean costs would increase by \$47 per acre given the \$120 crude oil price, a 23 percent increase over 2007 soybean costs. A \$150 crude oil price results in a \$124 corn cost increase per acre — 36 percent over 2007 — and a \$74 per acre soybean cost increase — 36 percent over 2007 levels.

With oil prices showing no signs of dropping, it is obvious that cost of production is going to increase. Management of energy on the farm is going to be crucial to help with a profitable bottom line. Fuel use, fertilizer management, and drying costs this harvest season need to be closely managed to help with the bottom line.



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