

# KNOWLEDGE EXCHANGE PARTNER

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## Northeast Milk Marketing Update

Farm Credit East’s May 2019 Milk Marketing Update report presents two different perspectives from the field of milk marketing: **Dr. Mark Stephenson**, Director of Dairy Policy Analysis at the University of Wisconsin, and **Lucas Fuess**, Director of Dairy Market Intelligence at HighGround Dairy.

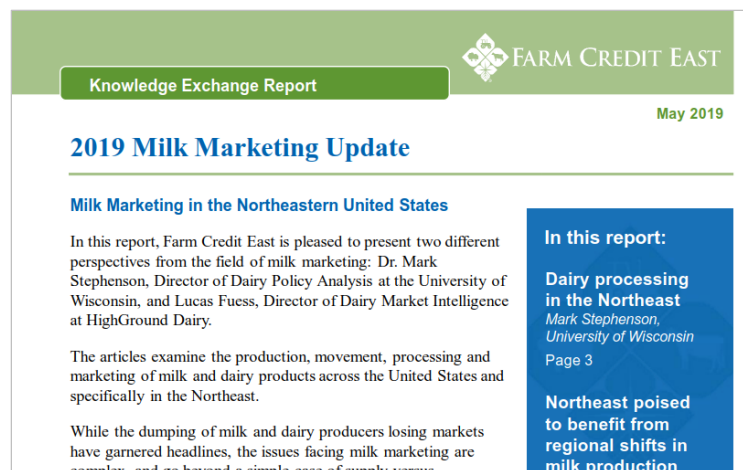
The articles examine the production, movement, processing and marketing of milk and dairy products across the United States and specifically in the Northeast.

While the dumping of milk and dairy producers losing markets have garnered headlines, the issues facing milk marketing are complex, and go beyond a simple case of supply versus processing capacity.

Regional shifts in milk production, changes in processing capacity across the country and shifts in consumer demand all combine to form an extremely complex network of milk movement, processing and marketing.

There are indications as of 2019 that milk production and processing capacity in the Northeast have come into closer alignment than in recent years, leading to a decrease in surplus milk, and hopefully, higher prices for producers in the region.

To read the full report, visit [FarmCreditEast.com/reports](http://FarmCreditEast.com/reports).



The thumbnail shows the cover of the '2019 Milk Marketing Update' report. It features the Farm Credit East logo at the top right, the title '2019 Milk Marketing Update' in a green box, and the date 'May 2019'. The main content area includes the title 'Milk Marketing in the Northeastern United States' and a summary of the report's content. A blue sidebar on the right highlights key findings: 'Dairy processing in the Northeast' by Mark Stephenson and 'Northeast poised to benefit from regional shifts in milk production'.

# Farm Credit East *Northeast Production Cost Index* Reaches New High

It's not your imagination – it has been getting more expensive to produce farm products lately.

While revenues have been largely stagnant, Farm Credit East's *Northeast Production Cost Index* reached a new high in March after three consecutive months of increases.

The Index, updated monthly, represents the relative costs of producing farm products in the Northeast U.S. data is taken from two primary sources: the USDA's *Census of Agriculture* and the USDA National Agricultural Statistics Service *Agricultural*

*Prices* report. The *Census of Agriculture*, which is published every five years, reports the actual dollars spent in various categories. This provides the weighting for the index. The NASS *Agricultural Prices* report notes relative changes in a number of cost categories – everything from labor costs to building materials to fertilizer.

As an example, labor costs represented 24.5% of overall farm spending in 2017, so changes in labor costs are weighted more heavily than, for example, changes in land rent, which represented only 1.9% of Northeast farm spending.

The index reached a value of 110.91 in March 2019, with 2011's costs representing a base of 100. This means that overall costs have risen by approximately 11% since 2011. Some notable areas of increase in the last year have been labor costs, gasoline and diesel fuels, and supplies and repairs. Most other costs are slightly higher.

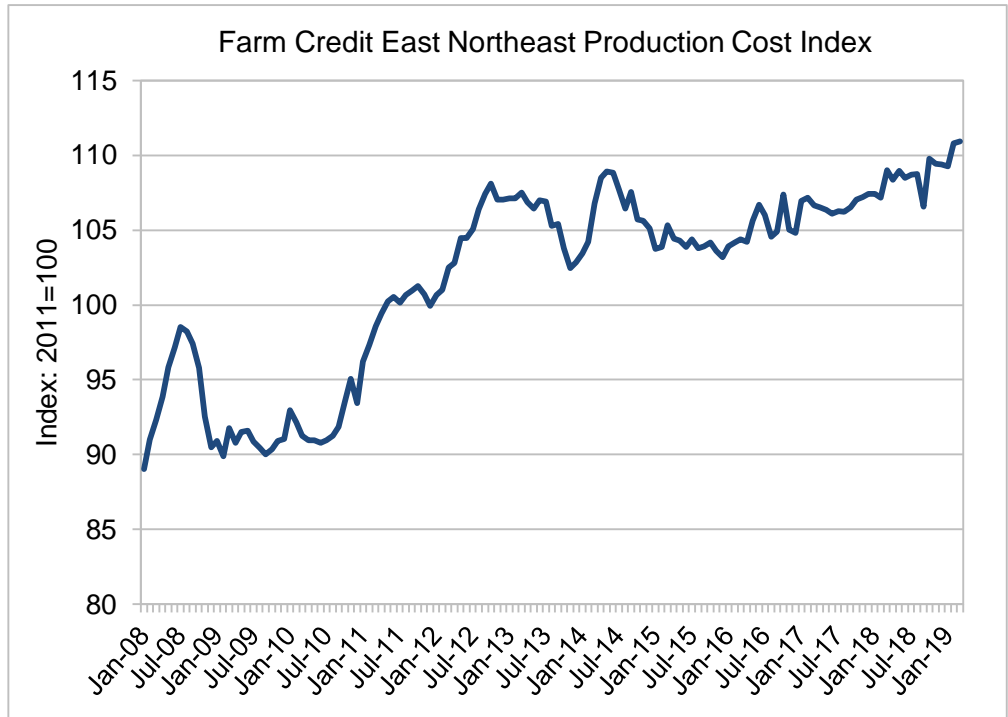


Figure 1: USDA/NASS

## CONTACT INFORMATION

We look forward to your questions about Knowledge Exchange Partner and your feedback:

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