

# CENTRAL NEW YORK DAIRY NEWS



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## And You Thought it Couldn't Get Any Worse...

<b>INSIDE THIS ISSUE:</b>	
Forage Shortfalls: what to do?	2-3

## It Feels Like the Sky is Falling.....

- This year's drought has led to sky high corn & soybean prices. The Chicago price for corn seems to be floating around \$8.00/bu. and soybeans are in the \$17.00/bu. plus range.
- The milk price is down in the \$16.00 to \$18.00 per cwt. range and many predictions are only for highs of \$20 to \$21/cwt. by year end.
- Energy prices are up with crude oil crowding that \$100/barrel price.
- And, you may be short of forage because of the locally dry weather.

## Grain Feeding: What to Do?

- The milk feed price ratio that is used today (since 1985), that uses the price of corn grain, soybeans, and hay in it's calculation is 1.29 for July (the lowest since it's been calculated this way). I don't want to belittle how bad the current economic situation is, but the old milk feed price ratio is not as relevant today as it once was. Today we are looking at net milk income after feed costs as a measure to key in on. It's what's left over (per cow/day or per cwt.) after we pay for feed costs.
- Penn State tracks those numbers monthly. For July 2012 they list Income over Feed Cost (for a 65 lb. cow) at \$5.63 per cow/day. Compare that to \$10.17 for September of 2011. On a per cwt. basis they list income over feed cost at \$8.66 for July 2012. Compare that to \$15.65 in September of 2011. It is not a good situation (as you know). It tells us that there is about half as much money left over after paying feed expense than there was in September of 2011.
- Most people have a negative cash flow right now. After paying for feed there is simply not enough money to pay other expenses.
- No matter how you look at it or evaluate things, it's a very bad situation economically.
- If you have your own high moisture corn you should feel real good about things. For this fall's harvest be sure you have taken care of your forage needs first, before considering your corn grain needs. Some people will need to convert corn originally planted for grain to corn silage.

- Don't cheat the cows. It's tempting to pull way back on grain feeding, but it will likely cost you in the long run (assuming you are allocating grain as appropriately as you can right now). Saving \$1.00 and losing \$1.50 or \$2.00 is bad business.
- Realize that if you pull back on grain the cows will consume more forage. If you're tight on forage supply this will only worsen that situation.
- We've seen this situation in the past (or at least very similar situations). Cows that are shortchanged lose weight, do not breed back, and drop in production. When things turn around (milk & feed prices) you simply cannot turn on the switch to bring production back. It often takes the next lactation to return things to normal.
- Take care of the basics. Meet energy and protein needs. With properly balanced rations there is still a return for feeding grain. It may not be very good, but there is still a return.
- Work with your nutritionist to be sure your ration is on track. Scrutinize any extras you have in the ration and be sure they still pay.
- Reduce shrink any way you can. This is spilled, wasted, or spoiled feed. You can no longer afford excessive shrink.
- Talk to your lender. Their interest rates will be better than with your feed supplier. Hopefully you can tap into a line of credit that will allow you to get through this situation. Believe me, it will turn around. It always does. I wish I could tell you when and by how much, but I simply do not know.
- I hate to say it, but the current strategy is to operate in a way that minimizes losses. Those who lose the least over the next several months will come out of this better than others. A profitable environment will exist sometime in the future.

## Forage Shortfalls: What to Do?

- **Don't harvest your corn silage (CS) too soon.** Yields are maximized near 65% moisture, and losses during feeding, storage, and harvesting are minimized. If there is a year to maximize yields, this is it.
- **Harvesting at 34 to 35% dry matter** will also increase the energy concentration in your CS because starch levels will have increased. With sky high corn grain prices it's a benefit you can't afford to give up. Use a Koster tester to check dry matters on field samples that you chop up. Work done at Miner Institute has shown that these sample dry matters consistently run about 2 points higher than what your feed out dry matter is. In other words, a dry matter reading you get from your Koster tester that says 34% dry matter will come back 32% dry matter at feed out. You should take that into account when making your harvest decisions.
- **Kernel Processing** should be a real benefit this year. If you are not kernel processing and you suspect that kernels will be hard, consult with your nutritionist prior to harvest. This is not the year to be sending corn kernels out the back of the

cow into the manure. If your ration has enough effective fiber from other sources (other than CS) you may be able to chop finer (to break kernels) without any health risks to your herd. BUT, be sure to double check with your nutritionist first.

- **Preserve your CS (and any hay crop you may still harvest) well.** With tight forage supplies you can't afford to incur excessive storage losses. I'd recommend lining your bunker silo walls with plastic. It really does reduce spoilage. This may also be a year when the oxygen barrier silage covers will really help you. Give them a look. Inoculants will have a greater chance of payback this year as well.
- **Might you have some 3rd, 4th, or even 5th cutting to harvest late this year?** This may be the year to take all you can get off your fields. There certainly is risk (especially with alfalfa), but you may have little choice.
- **If you find that you will be short of forage** you need to act NOW to rectify the situation. What can you buy and at what price? The longer you wait the more difficult it will be to find forage to buy. Info on making decisions on buying standing corn silage is on a Cornell website listed below.
- **Line up supplies of forage extenders now.** Feedstuffs such as wet brewers (if you can get it), soy hulls, citrus pulp, beet pulp, wheat midds, cottonseed, and others are ingredients often used to extend forage supplies. This year will be a different story. The drought is so widespread that many of these supplies are spoken for. You need to act immediately to have a chance to secure these feeds. They will not be cheap (if you can get them).
- **Determine the inventory you have.** You may want to estimate it now and then recheck it after CS harvest. All indications are that corn silage, although it looks so much better since we have received rain, will not yield as well as it looks. Worksheets are available for you to use to: determine your forage needs, to estimate your corn silage and corn grain yields, to estimate your forage inventory, to reconcile your needs and inventory., and to determine how to price standing corn for silage. You can access this information at: <http://ansci.cornell.edu/dm/factsheets.html>
- **Consider heavier culling.** This may include some youngstock. BUT, be careful! You'll need youngstock to maintain cow numbers and to rebuild the herd. You need to be selective. Those heifers that had respiratory problems as calves are prime candidates. Again, on the Cornell website listed above you can find decision aids to help you with culling decisions. Look for the material titled "Ten Key Herd Management Opportunities" and find "Identify and Potentially Cull Low Value and Low Profit Cows."
- **Don't have access to the internet?** It's not a problem. Call the office at (315) 866-7920 and ask to have information mailed to you.

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