

Adding Cows No Longer Option

Earlier this year, the United States reentered the Paris climate accord, and with that, the nation and European Union committed to reducing global methane emissions by one-third over the next decade. Methane, a greenhouse gas, lasts longer in



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the atmosphere than carbon dioxide and can be 80 times more powerful. Industries with the largest methane emissions include coal, natural gas, and agriculture. Given the recent U.S. and EU-27 pact to regain ground lost over the past five years by setting a 2030 goal of reducing methane emissions by 30% from 2020 levels, this aggressive campaign will target fossil fuels and agriculture.

With severe drought in western states, where reservoirs and aquifers are at decades-low levels, many are looking to agriculture to help reduce both methane emissions and water use. Annually, 70% of the Colorado River is used for agriculture. With the depleted

level of Lake Mead, a reservoir that serves Las Vegas and Los Angeles, attention has turned to curbing water used for irrigation in California's southern Central Valley and what can be done to fallow more cotton and alfalfa acres in 2022 to keep water in the reservoir.

With more consumers now making purchase decisions with the environment in mind, U.S. dairy will need to be prepared for major changes or face the consequences of falling out of favor with an increasing number of consumers. Costs to comply with regulations and restrictions could result in some dairy producers exiting the business. Globally, developed dairy nations are less likely to add cows at the same rate they did over the last two decades because adding more cows to meet demand is no longer a viable option. To meet expanding global demand for dairy products while further reducing

emissions, continued consolidation will need to occur, with poorly to moderately performing herds moving to more efficient and profitable producers. This prevalent trend of the past two decades is unlikely to slow.

Technology, will play an even greater role, delivering more productivity and efficiency to an already highly productive sector. According to a *Journal of Dairy Science*

Continued on page 2

Ken's Corner



*by Ken Meyers
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The world is changing, and science and technology seem to move at lightning speed. However, not all new technologies succeed, or succeed fast enough, for a variety of reasons. For example, California's shift toward greener energies has played a role in the

state's rolling blackouts because the overall energy infrastructure has had difficulty meeting the state's aggressive policy agenda.

Likewise, promising technologies to reduce methane emissions, such as seaweed supplements and methane vaccines, may never make it to market. If these types of silver-bullet technologies fail, dairy producers globally will need to adopt more costly technologies including robotic milking systems to reduce methane emissions. Adoption of these technologies needs to occur sooner rather than later and with government support offered to dairies of all sizes, helping them to remain in business. Those who adopt these technologies, whether individuals or nations, stand to gain the most.

The movement to reduce greenhouse gas emissions for the health of the planet will persist, and the more quickly U.S. dairy is seen as a green choice at grocery stores, the less market share will be lost to other food products—including dairy products from other countries that meet climate goals. **MCT**

Butter Prices Push Upward

After a wild week of prices moving higher following USDA's September Milk Production report, cheese

and nonfat dry milk markets are now in retreat while butter prices push higher. This month, USDA made significant revisions to cow numbers and output per cow, resulting in lower-than-expected August results and a 0.3% drop in September output. That sent markets higher last week, but September's Cold Storage report has resulted in a further adjustment in market sentiment as August-to-September cheese stocks mounted and butter inventories fell at the fastest rate since 2016. **MCT**

MCT Forecast

| | Block* | Barrel* | Class III | Butter* | Class IV | Whey** | NFDM** |
|-----|--------|---------|-----------|---------|----------|--------|--------|
| Oct | 1.8000 | 1.7925 | 18.07 | 1.7650 | 17.09 | 0.5450 | 1.3650 |
| Nov | 1.8275 | 1.7925 | 18.53 | 1.8550 | 18.92 | 0.5950 | 1.5350 |
| Dec | 1.7675 | 1.7400 | 18.00 | 1.8175 | 19.35 | 0.6000 | 1.6025 |
| Jan | 1.7075 | 1.6725 | 17.08 | 1.7800 | 19.11 | 0.5500 | 1.5950 |
| Feb | 1.6475 | 1.6300 | 16.61 | 1.8000 | 18.83 | 0.5550 | 1.5500 |
| Mar | 1.7100 | 1.6650 | 17.13 | 1.8650 | 18.82 | 0.5575 | 1.5175 |

* CME prices.

**NASS prices.

...lofty output goals

Continued from page 1

article published several years ago, milk output per cow in the United States could double by 2050. That would be a phenomenal increase, from nearly 23,400 lbs. last year to 46,000 lbs. While some cows are capable of remarkable output today, lifting average herd output will be more challenging. To put this in perspective, the United States increased output per cow by nearly 5,500 lbs. between 2000 and 2020. If U.S. dairy producers were to maintain that 1.3% growth rate over the next two decades, output per cow would increase by 6,475 lbs. from 2020's level. Given today's U.S. dairy herd of 9.4 million cows, that would equate to a total increase of 61 billion pounds. These types of increases would greatly reduce methane emissions per pound of milk produced.

Technology holds the most promise for producers to make strides toward increasing gains per cow. Studies indicate that robotic milking systems provide an increase in output per cow because cows can choose when to be milked, which reduces anxiety. While the cost of implementing these systems is still too high today, the rising cost

of labor has been closing the gap on this investment decision. Some new technologies focus on traffic through the barn, bedding time, and socialization. Many large operations already use cow pedometers. These types of technologies help prevent health issues before they become major problems. While studies on rations and heat management have been occurring for decades, today's information is more sophisticated, allowing producers to react quickly to changes in output.

Genomics is a low-cost yet high-return technology. Genomic testing capabilities have been around since 2009, but some of the biggest increases in output per cow over the last two years have come from genomic herd selection. Genomic testing provides information about a cow's traits, including yield, fertility, and longevity. Some think testing could soon help breed animals better suited for humidity, heat, and other conditions.

Finally, U.S. government funding for renewable energy sources could further efforts to sequester methane. Today, digester investments are exploding, and more are expected if the infrastructure bill passes. A combination of these efforts should help provide the world with more dairy products at similar to lower levels of methane emissions. Based on more global diligence, adding cows is no longer an option. **MCT**



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