



NC STATE THINK AND DO
THE EXTRAORDINARY

Ag & Resource Economics: Animal Ag Update

Dr. Kelly Zering & Brittany Whitmire

October 26, 2021

Who cares about milk prices?



October FaceBook post about milk prices

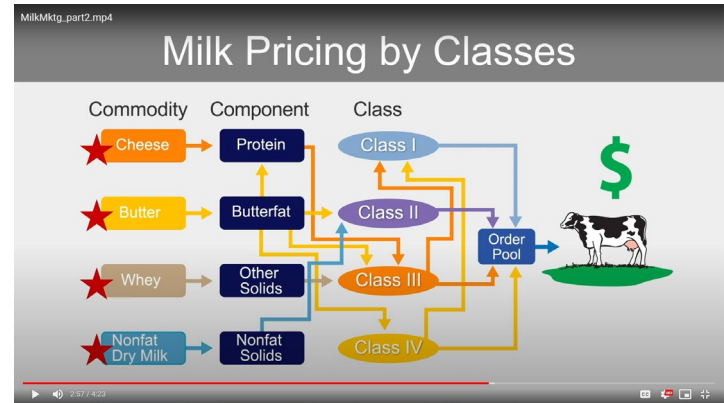
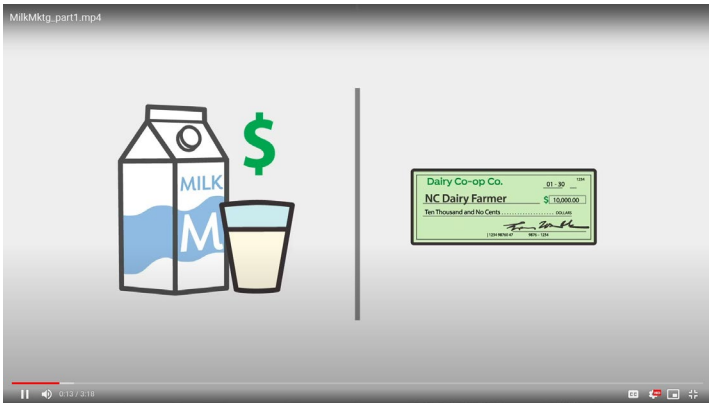


National Farmers Union, derived from NASS
"Agricultural Prices" 2021.

Milk Marketing & Other Mysteries

Farm Side

Market Side



What's your appetite for dairy?

Milk consumption per capita continues to increase year over year. How many lbs of milk equivalent do Americans consume per capita, per year?

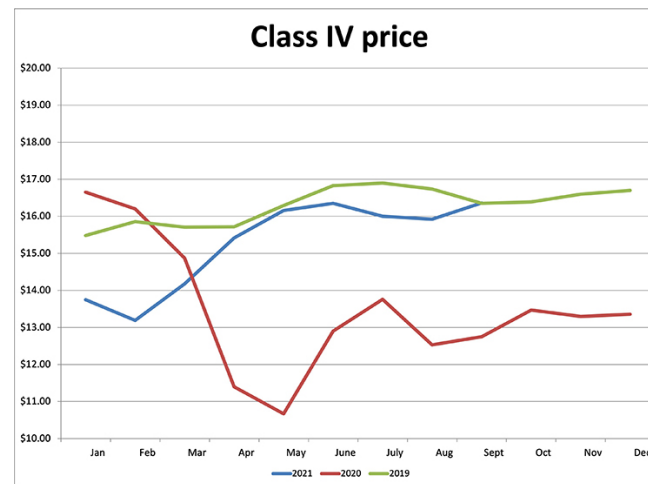
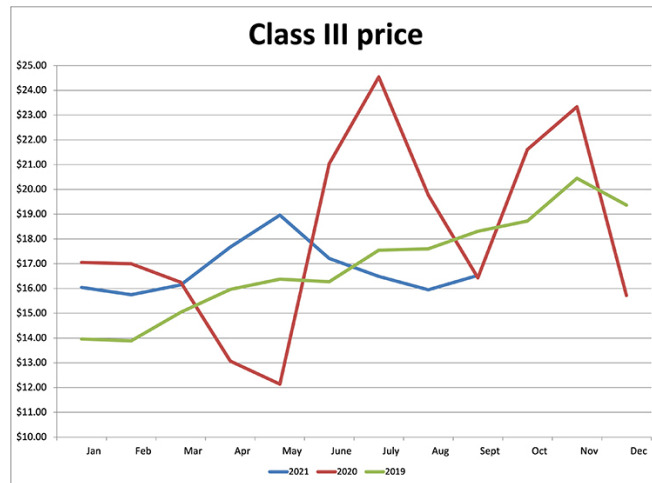
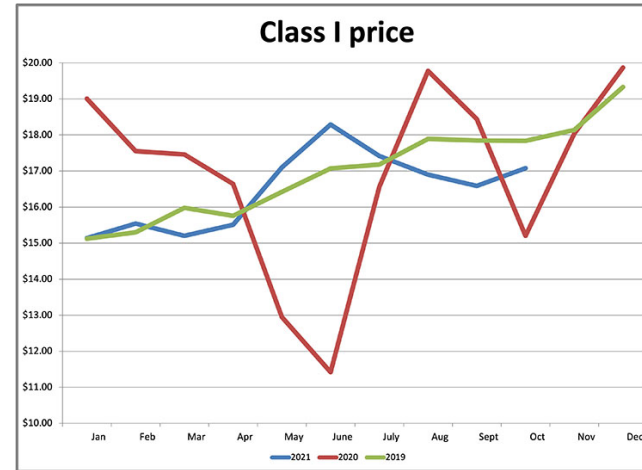
- > 250
- > 410
- > 655
- > 805



A Look Back at 2020

Red Line = Rollercoasters!

- Food Service Closures
- USDA Food Box Purchases



2021 and Post-Pandemic

Macro-Level Trends, 2021

COVID-19 Ramifications Still Here for 3-5 More Years

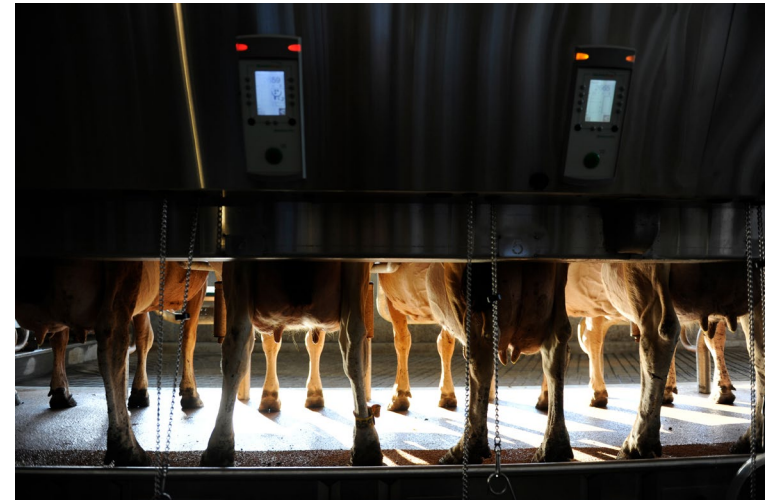
- > Supply Chain Still Recovering
- > Confused Signals in Market
- > Inflation
- > Labor Shortages

US Milk & Herd Size Up

- > 9.48M in national herd (+106K YoY)
- > Projected 3% growth in milk! (Avg ~ 1%)

Net Farm Income & Other \$ Factors

- > Gov't Payments ~40% of 2020 NFI
 - > Expected to fall for 2021
- > Net Cash Farm Income Lower in 2021
 - > Cash Receipts Up over 2020
 - > Feed – Eating up more than it's share!



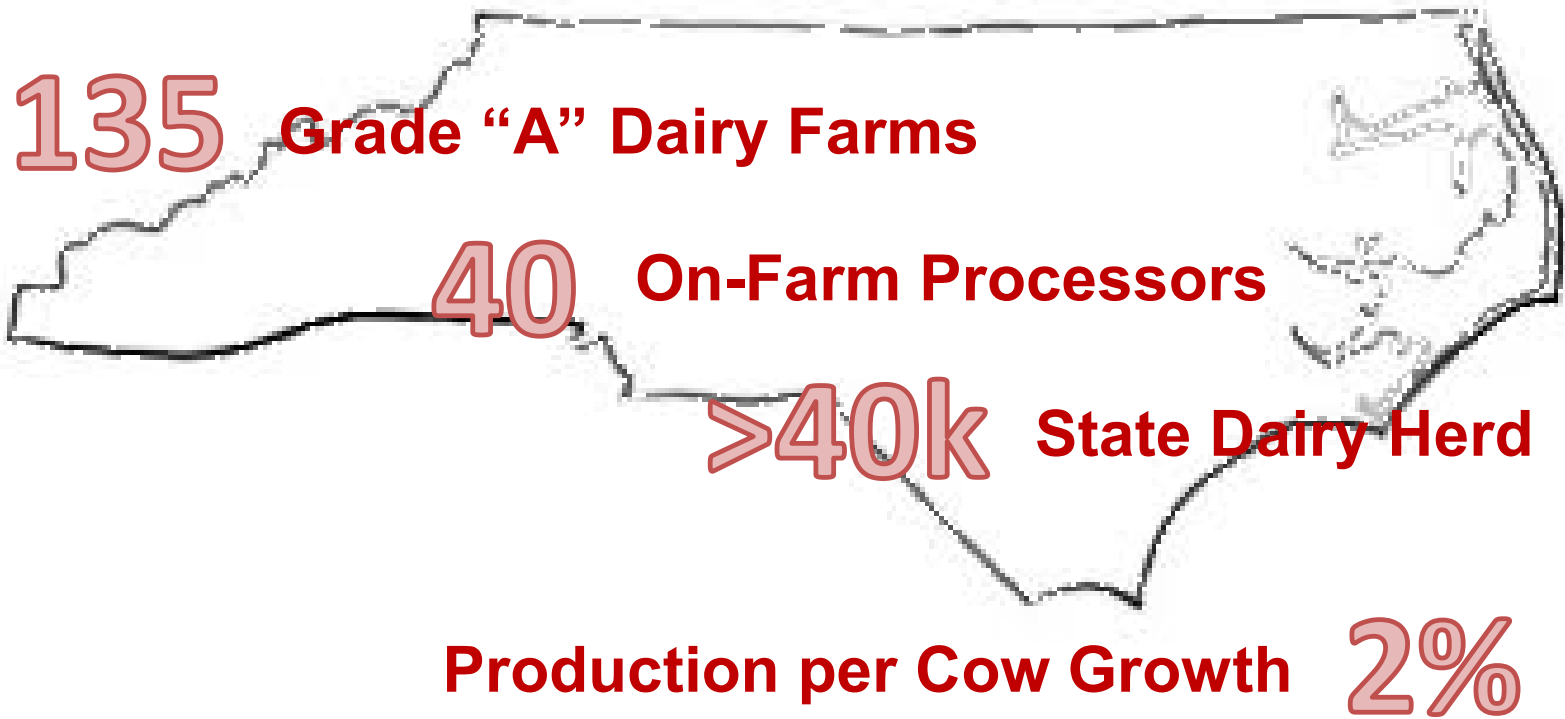
Take it Home to NC

Potential for Growth!

- > Economic Factors Could be Beneficial to NC Dairy Farmers
 - > Commercial/Grade A Fluid Shipping Model
 - > On-Farm Processing Model
 - > Growth must be strategic
 - > Location, Location, Location!
 - > Mitigation of Seasonal Variance



Snapshot of Dairy in NC



NC Dairy Impacts

2020

According to the International Dairy Foods Association, the total economic impact of dairy products produced and sold in NC in 2020 was... **\$12.25B**

- > \$3.5B in wages
- > \$3B in direct economic impact
- > \$634.1M federal tax revenues
- > 2% of NC GDP

80k

Direct & Indirect Jobs supported through suppliers and industry expenditures

<https://cals.ncsu.edu/are-extension/animal-agriculture/dairy/>

<https://dairy.ces.ncsu.edu>

