



Markets Continue to Show Jerseys are the Answer

National All-Jersey Inc., (NAJ) President John Kokoski, Hadley, Mass., spoke to the membership at the 55th annual meeting of the NAJ annual meeting in Springfield, Mass. Below is his report at the business meeting.

Over the years, several things have impacted the price we're paid for our product. During that same time period, our Jerseys have responded, or we have bred them to respond to market conditions and make the best of the situation, so today, I'm going to focus on butter. Butter is back, and that's good news for Jerseys. First, a quick review of the butter market over the past two and a half years.

Customers are our kings and queens. Retailers know that approximately 50% of their annual sales happen during the last three months of the year in conjunction with Thanksgiving, Christmas and New Years. In preparation for those fourth quarter sales, retailers build their butter inventory throughout the year. However, during 2022, US butter prices were higher than historical norms so retailers were reluctant to build inventories expecting that the price would move lower later in the year. The lower prices never came, and retailers found themselves scrambling to acquire butter prior to the holidays. As a result, cash butter prices at the Chicago Mercantile Exchange bound to a record high price of over \$3 a pound. During 2023, due to 9% growth of our consumer demand for butter, retailers again found themselves short of product heading into the holidays. The CME record cash price set in 2022 was shattered when butter was bit over \$3.50 a pound.

This brings us to 2024. Retailers are not wanting to get burnt a third year row and as a result, 2024 wholesale butter prices are averaging about \$0.40 more than last year. Federal order butterfat prices have averaged \$3.22 a pound. This is good news for Jerseys as one of our breeds greatest advantages butterfat content of Jersey milk. According to the National DHIA, Jerseys average 4.91% above the industry's average of Holstein's 4.11%. Jerseys extra butterfat adds \$2.58 per hundredweight to our milks value, and that's before factoring in Jerseys extra protein.

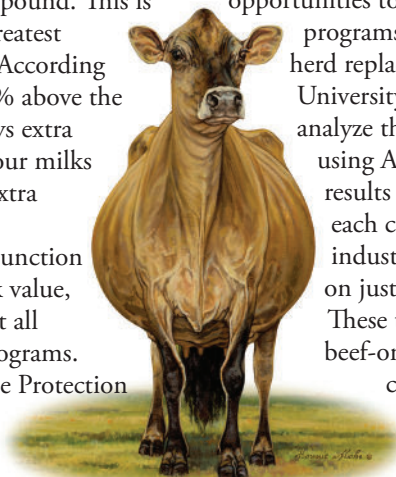
Too often we view NAJ's advocacy in conjunction with milk components only in terms of milk value, however the importance of knowing that not all milk is created equal can be seen in other programs.

Consider the following; the Dairy Revenue Protection Program (DRP) administered by the USDA

Risk Management Agency allows producers the opportunity to ensure minimum values for their milk. DRP is unique compared to other dairy risk management tools in that it allows producers the option to protect the value of the butterfat and protein they produce and not simply the value of generic milk. NAJ was instrumental in the creation of this option. The administrators of DRP consult with NAJ regularly about the upper limits of Jersey butterfat and protein tests to keep the program current.

USDA's monthly Milk Production report is closely followed by the industry. However, the report only includes pounds of milk and not components. Because over 80% of the milk is used in manufactured products, component production is more important to the industry. For many years milk production and component production were highly correlated. However in recent years producers have made dramatic increases in butterfat tests and more modest gains in protein. The Milk Production report has shown declining production in the past ten months, but analysis that combines with other USDA data shows that due to higher butterfat tests, total butterfat production has been increased despite lower milk production. NAJ is working with co-ops, manufacturers, ag lenders and industry consultants to encourage USDA to expand the Milk Production report to include component.

Often the benefits of NAJ's work may take time to be realized. A case in this point is the current prevalence of beef-on-dairy semen usage. Nearly 20 years ago, the AJCA and NAJ acknowledged and need to add value to Jersey bull calves. The organizations funded research focused on optimizing Jersey steer performance and returns. Then in 2014, the organizations recognized that sexed semen could provide opportunities to incorporate beef semen into breeding programs to maximize returns for calves not needed as herd replacements. In conjunction with The Ohio State University, NAJ and AJCA conducted research to analyze the results of three different Jersey-beef crosses using Angus, Sim-Angus and Wagyu semen. The results were published in 2018 and showed that each cross offered different attributes to the beef industry. Jersey breeders had sound science to rely on just when beef-on-dairy began to accelerate. These two instances—in regards to butter and beef-on-dairy—clearly demonstrate that our Jersey cow has the ability to adapt as markets continue to change.



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