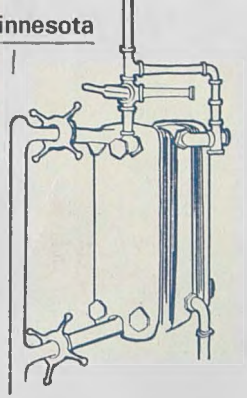
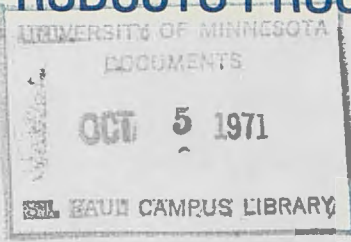


MINNESOTA DAIRY PRODUCTS PROCESSOR



By V. S. Packard
 Extension Specialist Dairy Products

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Besides being good for the soul, it is sound business sense to step back now and then and take a look at industry trends as though from afar, in perspective. Someone once said, "What we are to be, we are now becoming," which, to our way of thinking, is as true for an industry as it is for individuals. This summer we pulled together some statistics that might help us see ourselves in new light. For whatever they may be worth, we pass them on.

MILK PRODUCTION, COW NUMBERS, FARM NUMBERS

Minnesota's top ten counties produced 35.1 percent of the state's milk supply in 1969. This compares to 30.5 percent ten years earlier. These ten counties are: Otter Tail, Todd, Morrison, Stearns, Wright, McLeod, Carver, Goodhue, Winona, and Fillmore, The "Dairy Belt" in Minnesota continues to narrow.

From table 1, you can see that cow numbers continue to decline, production has declined to a limited extent, dairy farm numbers have fallen sharply, and production per cow continues to rise.

Table 2 shows the same information for the nation. Trends, of course, are quite similar.

Table 1. Milk production and dairy farm statistics
for Minnesota for 1960, 1965, and 1970

	<u>1960</u>	<u>1965</u>	<u>1970</u>
Cow numbers	1,265,000	1,232,000	984,000
Milk production (billion lbs)	10.3	10.7	9.8
Production per cow (lbs)	8,120	8,710	9,931
Farm numbers	86,640	67,250	41,213
Avg. cow numbers per farm	14.6	18.3	23.8

Table 2. Milk production and dairy farm statistics
for the U.S.A. for 1960, 1965, and 1970

	<u>1960</u>	<u>1965</u>	<u>1970</u>
Cow numbers (millions)	17.5	15.0	12.5
Milk production (billion lbs)	123.1	124.2	117.4
Production per cow (lbs)	7,029	8,304	9,388
Farm numbers	1.6 million	1.0 million	600,000*
Avg. cow numbers per farm	10.4	14.6	20.8*

*Estimates

HERD SIZE CHANGES

Table 3 shows the trend in herd sizes by number of herds. Even through herds of 20-29 cows, number of herds has declined. The state has gone from one in which 78 percent of the producers kept herds of 1-19 cows (1960) to one in which the distribution is fairly even through herds as large as 49 cows. The sharpest increase may be noted in herds of 50 cows or more.

Table 3. Number of Minnesota farms reporting milk cows
by size of herds, 1960, 1965, 1970

Year	<u>1-9 cows</u>		<u>10-19 cows</u>		<u>20-29 cows</u>		<u>30-49 cows</u>		<u>50 cows and over</u>	
	No. of herds	%	No. of herds	%	No. of herds	%	No. of herds	%	No. of herds	%
1960	30,307	36	35,642	42	14,283	17	4,309	5	477	1
1965	17,236	26	25,502	38	16,147	24	7,305	11	1,060	1
1970	8,329	20	11,653	27	11,238	26	9,123	22	2,120	5

HOW OUR MILK IS MARKETED

The last few years have seen a sharp increase in the amount of milk marketed as grade A. In 1965, 17 percent of Minnesota milk was classed grade A; by 1970 the figures had jumped to 29 percent. About 1/6 of the state's producers (a little over 7,000 dairymen) accounted for the grade A milk in 1970. Slightly over 1,000 of those producers were added in 1969 alone. We are moving fast!

CAN VS. BULK MILK

Things are happening here, too! We have seen a steady increase in the amount of milk handled in bulk. In 1970, 70 percent of the milk was received in bulk, up 2 percent from 1969. Essentially all grade A milk is bulk, and about 56 percent of manufacturing milk. It is also interesting to note that, of the 41,000 dairy farmers, half are bulk producers and they account for over 2/3 of the milk supply. With can hauling costs continually on the rise, we can expect the bubble to burst one of these days, and we will shortly approach 100 percent bulk. And--yes--we still receive some farm-separated cream, 1.0 percent of the milk volume this past year. These statistics are compiled in table 4.

Table 4. Number of producers and percent of milk supply
by various categories, 1969, and 1970

Year	Number of producers				Percent of milk supply			
	Grade A		Mfg. grade		Grade A		Mfg. grade	
	Bulk	Can	Bulk	Can	Bulk	Can	Bulk	Can
1969	5,919	40	14,238	21,140	99.79	0.19	54.7	45.3
1970	7,133	10	13,509	19,240	99.9	0.1	55.9	44.1

SUMMARY

We have looked only at production statistics, and they tell a story not drastically different in recent years from what we have observed in the past. The point is, however, that a time arrives when a "critical mass" is reached, and the rate of change suddenly skyrockets. This could well happen in the trend to grade A and bulk handling in the not too distant future.

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