President's Letter
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I have been in a number of meetings over the last year and a common comment for a solution to our margin problem is a higher milk price. At first, I couldn’t agree more. Higher milk prices better margin equal a better outcome from the industry.

I found a website that had historical milk priced from 1999 to 2013. I scrolled through Class III and Class IV price for that time period and tried to remember what each of those years was like for us on our operation. Sure there were some high prices of $20 plus but not many. On the flip side there were some $9, and I am sure we all remember those. The vast majority however were between $12 and $17. So if we look historically, today’s prices are on the upper side of our average range.

I think we all can agree that the problem at this point would be our feed costs. There are a variety of reasons for the increase from the drought to the inefficient production of ethanol. I know that none of this information is new, but I ask you to think of this from a different viewpoint. Whether we realize it or not our ultimate price is based on our consumers and making them pay more for a product is good to an extent. However, if we look at what has happened in both the beef and oil industries over the past couple of years I believe we can draw some conclusions as to what would happen with ours. Both oil prices and beef prices have spiked over the last couple of years and the consumers pushed back. Travel was down and people either stayed home or used mass transit. On the beef side, pork consumption has gone up while beef has stayed flat to down.

My point is that we can only push our consumers so far before they look for something else. So rather than push for a huge increase on our milk price, maybe we should be pushing for more efficient use of commodities that in turn would lower our feed price.