Teagasc Advisory Newsletter

DAIRY

December 2024

Top five tips for December

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Examine revenue, costs and feed budgets to plan for 2025.

1. Feed 100-120g per day of high-quality dry cow mineral from at least six weeks pre calving. Check that magnesium (Mg), phosphorus (P), vitamin D and trace mineral levels are on target.
2. Check the schedule for calf scour vaccines with your vet. Some programmes require shots at least six to eight weeks pre calving.

AVERAGE DAIRY FARM INCOME IN 2024 IS PROJECTED TO BE UP

80%

FROM A LOW LEVEL IN 2023.

Teagasc
Agriculture and Food Development Authority

3. This year was variable in terms of costs and milk prices, but the projection is for an average increase of 80% on dairy farm margins relative to very low levels in 2023. Examine your costs and revenues for the year – benchmarking will help identify areas for progress.
4. Plan now for the busy spring period ahead. What went well last spring and what caused problems? What solutions can be put in place over the next few weeks? Look at making managing calves and early grazing simpler in particular.
5. As the year ends, it is important to take stock of the trends and progress being made on dairy farms. Twelve months ago morale was at a low ebb but we have seen a welcome recovery in recent months, which demonstrates the resilience of the sector. Take some time for a well-earned break over the quieter days of Christmas.

2024 in review

LAURENCE SHALLOO, EMER KENNEDY and JOE PATTON examine 2024 on dairy farms. This year was challenging for dairy farmers. Poor spring and early summer weather affected grass growth, silage conservation and grazing conditions. Low milk prices and poor weather in 2023 also depleted cash reserves on many farms. However, a relatively good autumn saw better grazing and pasture growth, leading to savings in silage and concentrate feeding. A recovery in milk prices has bolstered financial margins also.

Milk output

While the latter part of the year was more favourable, annual milk yield per cow is estimated to be down by 1-2% to 418kg milk solids per cow. This, coupled with a slight fall in dairy cow numbers, led to a projected 2-3% reduction in national milk production. Data from the CSO showed a 1.3% drop in dairy cow numbers in June 2024 vs June 2023, the first year that has shown less cows calving than the previous year in 13 years. However, weekly milk delivery volumes in late Q3 and Q4 of 2024 were in line with or exceeding 2021-22 levels, indicating a trend toward recovery in output.

Grass production and fodder supplies

Data from PastureBase Ireland shows that grass production on dairy farms was 1.2t DM lower than the five-year average. This was due mainly to a very wet spring, lower temperatures in the summer (0.4°C and 0.75°C lower than average from June to October at Met stations in Moorepark and Ballyhaise, respectively), and in the southern part of the country, there were relatively dry conditions in the July to September period. Nonetheless, it is expected that 2024 pasture utilisation rates will recover by 0.2-0.4t DM per ha compared to 2023, when very poor weather conditions had arrested a long-term positive trend.

A survey undertaken by Teagasc in September 2024 indicted that at this time, 6% of dairy farmers had a fodder deficit of >20%. Advising farmers on options to address this deficit has been a priority for Teagasc advisors this year.

Breeding

Breeding technology adoption has continued to increase on dairy farms, with use of sexed semen up to 280,000 straws (up from 200,000 in 2023). There has been greater use of high Dairy-Beef Index (DBI) bulls, resulting in higher commercial beef value (CBV) calves available from the dairy herd. The average Economic Breeding Index (EBI) of dairy cows increased from €180 in 2021 to €200 in 2024, with a focus on improving fertility, milk index and calving traits in particular. Calving interval reduced by three days to 386 days nationally, while six-week calving rate rose to 68% (+3). The proportion of heifers calving at two years old was 73% in 2023 (+3 since 2021).

Nutrient use and environment impact

There was also a continued focus on increasing protected urea usage, adoption of clover swards, and nutrient management planning.

These are all important steps in maintaining and improving the environmental efficiency of the dairy sector.

Agricultural greenhouse gas emissions reduced year on year in 2024; however, further progress will be needed, while improving farm performance and margins in tandem.

Costs and margins

Continued high input prices kept costs high, but milk prices did increase as the year progressed.

Teagasc estimates of dairy farm income predict a recovery to an average family farm income (FFI) of €85-90,000, up 80% on 2023, albeit from a low base. Projections for Q1 and Q2 in 2025 are relatively positive also.

Structured farm debt remained relatively stable at approximately €2.29 per kg milk solids.

Nonetheless, there was a very large range in dairy farm margins in 2024, with a significant proportion of farms returning low incomes.

The underlying reasons for this range will need to be addressed to improve the long-term viability of more dairy farms.

Benchmark your 2024 figures

Of the total range in profit margin between dairy farms last year, just over half was due to direct costs. This equates to over a €500 per cow difference, for about the same level of milk output. There is scope within each category to reduce overall cost of production. Small changes over a few categories can have a large impact on farm profit.

Track your costs with Teagasc

To help identify areas where farmers have scope to control costs, Teagasc has developed a simple tool for use in tandem with the Profit Monitor to examine the level of inputs required to run a dairy farm. A bill of quantities for all inputs was developed for a standard farm, using best practice guidelines in each cost category. This includes input levels and prices leading to a comprehensive costed annual 'shopping list' of inputs required. It will also help to separate the effects of price inflation from technical performance of the farm. It is not an 'ideal farm' but rather a realistic item-by-item system to allow you to get started on benchmarking. Once the figures are gathered, each cost category for your farm can be examined against the reference figures. If there is a large variance in costs then the farmer and advisor can do a comparison of the actual inputs purchased to determine actions needed. Given the volatility we have seen in farm financial returns, this is becoming an essential management practice. If you are interested in taking a deeper look at physical and financial figures, your Teagasc advisor will help get you started by completing a Profit Monitor. Depending on your needs, this can be done on a one-to-one basis or with your discussion group.

Staying safe over Christmas

HEALTH AND SAFETY

The Christmas holidays will see children spending more time out and about. If children are out on the farm, they must always be supervised. This time of year can be a great opportunity to talk to them about the dangers of a farm. The risk of fire also increases during Christmas. Give preventing fires in your home and on your farm special attention during this period. It's important that safety is kept to the fore in everyone's minds over the festive period.

Keep safety in mind over Christmas.

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