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Dairies aren't immune to bad economy

By RICHARD PORTER

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Dairies across the region and the nation are looking at a tough economic situation, according to Texas AgriLife Extension Dairy Specialist Dr. Ellen Jordan.

Jordan, who works out of the Dallas Extension center, acknowledged the nation's dairies definitely are looking at cash-flow issues in this tough economy.

Texas is not going to be immune to that, she said.

Bernadette Mulliken, who co-owns Vista Grande Dairy south of Plainview, echoed that sentiment.

"A struggle would be to put it mildly," she said recently in discussing the current situation she and her colleagues face.

She explained that at the same time feed prices have been experiencing highs, the price of milk has dropped to an all-time low.

"It fell very, very quick," she said of the price of milk.

In contrast to 2008 when the industry experienced high costs for feed, she said, dairies also received higher prices for their milk.

Jordan said the downturn is related to a variety of factors including changes in the value of the dollar and improving drought conditions in New Zealand and Australia that have allowed dairies in those countries to re-enter the market.

The industry also is being impacted by the general slowdown of the economy.

Jordan said that because of tough times, people are eating out less. That means pizza places and Mexican and Italian restaurants aren't buying as much cheese for their entrees.

The dairy specialist said that stress is not uncommon in the industry and over time the country's dairies have proven to be resilient.

"That's just the nature of the dairy industry," she said.

In some instances, operations may close their doors or sell to new owners.

"Some producers with older facilities may decide it's time to retire and save what equity they can," she said.

Mulliken said the challenge she and her family face is making sure they are working as efficiently as possible.

Local dairies can't stop milking their cows, they can't do anything that jeopardizes the safety of the animals in their herds and they can't compromise the quality of the product they produce.

In the meantime, she said, she just hopes the current situation doesn't turn out to be a repeat of the struggles the industry experienced in 2006. At that time, prices took a protracted nosedive that lasted for more than 18 months.

This time around, she said, hopefully the downturn won't be that kind of a slow bleed.

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