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Dairy EXCELLENCE
 Dairy Week In Review



Dated December 20, 2018

Merry Christmas from the CDE!

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Dec) **	\$14.84/cwt.	▲ 0.8 %	▼ 4.6 %	▼ 9.2%
Corn (Mar)	\$3.81/bushel	▲ 1.3 %	▲ 5.2 %	▲ 9.7 %
SBean Meal (Jan)	\$307.8/ton	▼ 0.4 %	▲ 0.7 %	▼ 2.4 %
Milk Margin (Sept)*	\$11.99/cwt.	—	▲ 9.0 %	▼ 6.3 %

*Each issue of "Dairy Week in Review" will report on current "Milk Margin," or the dollars remaining per one hundred lbs. of milk after feed is paid for, based on data for a 65-pound herd in the latest "PA Dairy Industry Performance Scorecard." Milk margin is affected by both milk & feed prices. ** The milk price reported is the Class III futures price for the next month plus a basis of \$1.00, an estimate of what could be on your milk check next month.

- Total US milk production is up 0.6 percent year-over-year in November to 17.4 billion pounds, up 0.3 percent on a daily-average basis from October. Cow numbers are falling, down 38,000 head from a year ago and 8,000 head from October to 9.36 million head. Milk production per cow is growing, up 19 pounds or 1.0 percent from a year ago to 1,856 pounds for November. On a daily average basis, milk production per cow is up 0.4 percent from October.
- Milk production growth is still strong in the southwest region of the US, with Colorado, Kansas, Texas and Utah up 7.1, 5.2, 5.2 and 3.3 percent, respectively. Washington and South Dakota also had significant growth, up 6.0 and 5.2 percent, respectively. California was up 2.9 percent, while Wisconsin and New York were flat at +0.1 and -0.3 percent growth. Idaho was up 4.0 percent, while Michigan was down 1.1 percent. Pennsylvania continued to see cow numbers fall, with the state's dairy herd down 12,000 head from a year ago. Total milk production in the Keystone State was down 4.1 percent, with 30 pounds less milk per cow.
- The dairy price index rose 1.7 percent on the latest Global Dairy Trade auction to \$2,844 per metric ton. The butter price was up 4.9 percent, while Cheddar cheese was up 2.2 percent. Despite the increases, Cheddar cheese is still the second lowest price of the year, and butter is still 14 percent below year-ago levels.

Government and Industry:

- Congress passed the 2018 Agricultural Improvement Act last week, or the Farm Bill, which revamps the Margin Protection Program with a new name, Dairy Margin Coverage, and higher margin coverage levels for the first 5 million pounds of milk production. DMC offers coverage levels of \$8.50, \$9 and \$9.50 per cwt., and increases the maximum volume to 95 percent of production history. Zero-cost premium cover for Tier 1 is up to \$5 per cwt. Reduced premiums are also available for production levels above 5 million pounds. Dairy producers can enroll in DMC and the Dairy Revenue Protection Program at the same time. President Trump is expected to sign the bill this week, which would take effect on January 1, 2019.
- The USDA announced the second and final round of trade mitigation payments Monday aimed at assisting farmers suffering from damage due to unjustified trade retaliation by foreign nations. Producers of certain commodities will now be eligible to receive Market Facilitation Program (MFP) payments for the second half of their 2018 production. The payment rates were not changed from the first round announced in September. The payment rate for dairy is 12 cents per hundredweight, based on production history reported to the USDA.
- The comment period to provide input to the FDA regarding the standards of identity for milk has been extended to January 25, 2019. To submit comments, go to www.regulations.gov, search for Docket "FDA-2018-N-3522- 0001," and click on the blue "Comment Now!" box.
- The Center's On-Farm Program offers grants for business consultants and team resources. Learn more by calling Melissa Anderson at 717-346-0849 or emailing her at manderson@centerfordairyexcellence.org.