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**Dairy** EXCELLENCE  
 Dairy Week In Review



Dated December 27, 2018

## Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Dec) **	\$14.84/cwt.	—	▼ 4.2 %	▼ 9.7 %
Corn (Mar)	\$3.73/bushel	▼ 2.3 %	▲ 3.6 %	▲ 5.9 %
SBean Meal (Jan)	\$303.4/ton	▼ 1.4 %	▼ 1.3 %	▼ 3.5 %
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.

- US butter inventories fell to 153.7 million pounds on November 30, according to the latest USDA Cold Storage report, a three-year low and 77 million pounds below October levels. This marks the largest November drawdown since USDA began keeping records in 1915. Butter stocks fell 3.5 percent year-over-year, marking the largest year-over-year decline in 13 months. US cheese inventories also fell from October to 1.35 billion pounds, down 17.3 million pounds month-over-month, which is larger than average. However, total US cheese inventories are still up 7.5 percent from a year ago.
- USDA announced the Class I base price for January at \$15.12 per hundredweight, up 7 cents from December but 32 cents below January 2018's price level. With the November Class IV price being more than 60 cents above the Class III price, the Class I base price was based on the November Class III.

## Government and Industry:

- President Trump signed the 2018 Agricultural Improvement Act, 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. The Farm Bill is expected to take effect early next year, with any programs retroactive to January 1, 2019.
- US Agriculture Secretary Sonny Perdue announced last week that more than 21,400 dairy producers opted for coverage through the Margin Protection Program for Dairy (MPP-Dairy) in 2018, up by more than 2,000 producers from the previous year. The increase in participation was likely due to significant improvements in the USDA program authorized by the Bipartisan Budget Act of 2018.
- 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](mailto:manderson@centerfordairyexcellence.org). Visit the Center exhibit booth at the Keystone Farm Show, Jan. 8—10 in York, Pa., to learn more about how the Center can be a resource to your dairy.