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Dairy Week In Review



Dated March 21, 2019

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Mar) **	\$15.94/cwt.	▲ 0.1 %	▲ 6.2 %	▲ 4.3 %
Corn (May)	\$3.71/bushel	▲ 3.9 %	▲ 0.3 %	▼ 1.1 %
SBean Meal (May)	\$311.6/ton	▲ 3.1 %	▼ 3.2 %	▼ 14.6 %
Milk Margin (Dec)*	\$11.60/cwt.	—	▲ 2.7 %	▼ 4.3 %

*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.

- USDA's Milk Production Report shows US milk production up 0.2 percent year-over-year to 17 billion pounds in February, the smallest year-over-year gain in milk production since 2016. The increase was driven entirely by a 1 percent increase in milk production per cow, while cow numbers fell 77,000 head from a year ago to 9.359 million head. Once again, western states showed greater gains than in the East, with Colorado, Oregon, South Dakota and Texas all up significantly, increasing 8.3, 7.3, 6.4 and 7.7 percent, respectively.
- California's milk production was up 0.1 percent, while Wisconsin's milk production was up 1.5 percent. Idaho was up 2.1 percent, and New York grew by 2.8 percent. Michigan was up 1.0 percent. Pennsylvania again was the only one in the Top 7 Dairy States to post a decline, falling 6 percent with 25,000 fewer cows and 20 pounds less per cow during the month.
- Milk production in the European Union-28 was down 1.25 percent in January, falling to 28.4 billion pounds. This was largest monthly year-over-year decline since December 2016, according to the *Daily Dairy Report*.
- The dairy price index on the latest Global Dairy Trade rose 1.9 percent to \$3,324 per metric ton. This is the eighth session in a row with an increase. Butter was up 9.3 percent, while the Cheddar cheese price rose 3.9 percent. Whole milk powder was up 4 percent, but skim milk powder fell 2.4 percent.
- The latest USDA Dairy Products report shows total US cheese production in January up 0.4 percent to 1.1 billion pounds. Butter production was up 4.2 percent to 189.8 million pounds.

Government and Industry:

- USDA Secretary Perdue announced at a congressional hearing last week that the sign-up for the new Dairy Margin Coverage program will begin on June 17, with payments generated to farmers the following month. He said farmers will be notified by the end of April about the amount of any refunds or credits for which they are eligible, if they used the MPP program between 2014 and 2017. Payments are expected to be distributed in July.
- The USDA announced an amendment to the Class I skim milk price formula under the Federal Milk Marketing Order program, which was authorized in the Agriculture Improvement Act of 2018 or the 2018 Farm Bill. Effective May 1, 2019, the formula for the FMMO Class I skim milk price will be the average of the monthly Class III and Class IV advanced pricing factors plus 74 cents per hundredweight plus the applicable adjusted Class I differential.
- A bipartisan coalition of lawmakers in both the House and Senate introduced the Dairy Pride Act last week. The legislation – S.792, sponsored by Sens. Tammy Baldwin (D-WI) and Jim Risch (R-ID), and H.R. 1769 from Reps. Peter Welch (D-VT) and Mike Simpson (R-ID), prods the FDA toward action as plant-based imitators of milk, cheese, butter and other products flout the agency's existing standards of identity.
- The National Milk Producers Federation is now accepting comments on its proposed standards for its FARM (Farmers Assuring Responsible Management) 4.0 Version. To review the proposed standards and submit comments, go to nationaldairyfarm.com/animal-care-open-comments/.
- The Center for Dairy Excellence has announced Dairy Professional Roundtable meetings in late April and early May. Those who work directly with Pennsylvania's dairy farm families are encouraged to attend to learn more about risk management options available to their customers and clients. Learn more at centerfordairyexcellence.org.