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Dairy Week In Review



Dated May 23, 2019

## Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (May) **	\$17.29/cwt.	▲ 0.1 %	▲ 2.2 %	▲ 6.4 %
Corn (July)	\$3.94/bushel	▲ 6.8 %	▲ 3.1 %	▼ 3.5 %
SBean Meal (July)	\$295.3/ton	▼ 1.3 %	▼ 1.7 %	▼ 22.2 %
Milk Margin (March)*	\$11.90/cwt.	—	▲ 4.9 %	▲ 20.1 %

\*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.

- All major dairy states except Pennsylvania posted growth last month, with California up 2.6 percent and Wisconsin up 0.4 percent. Idaho was up 2.2 percent, and New York was up 1.9 percent. Texas continues its strong growth, up 6.7 percent, while Michigan was up 1.6 percent.
- Pennsylvania was down 7.1 percent, with 29,000 fewer cows and 30 pounds less milk per cow. A positive within Pennsylvania is that cow numbers remained the same from March to April, marking the first time in 13 months that cow numbers didn't fall.
- The dairy price index on the latest Global Dairy Trade fell 1.2 percent to \$3,414 per metric ton, marketing the first decline since November 20, 2018. Whole milk powder and butter both fell, down 2.1 and 3.2 percent. The Cheddar cheese price climbed 15.2 percent, the largest jump since February 2015.
- The US government announced that it will remove the steel and aluminum tariffs that have been levied on Mexico and Canada since July 1, 2018. Trade talks with Mexico and Canada are moving forward and the removal of these tariffs is a huge step in all three countries' willingness to approve the United States-Mexico-Canada Trade Agreement (USMCA). In response to the US decision, both Mexico and Canada lifted retaliatory tariffs on US goods, reopening the border to dairy exports under pre-tariff NAFTA rules.

## Government and Industry:

- Dairy Revenue Protection (Dairy R-P) coverage for the last half of 2019 and first three quarters in 2020 is now available from authorized crop insurance agents. Coverage for the third quarter of 2019 will be available until June 15, when the program will move to the next five quarters. Farms can choose to cover any of the five upcoming quarterly (three month) periods, but they must enroll first. The program allows you to put a floor under your milk price, and you can choose to price your milk either based on your Class utilization or on your components. To learn more, contact your crop insurance agent. A list of crop insurance agents is available at all USDA service centers and on the RMA website at [www.rma.usda.gov/tools/agent.html](http://www.rma.usda.gov/tools/agent.html).
- Enrollment in the new Dairy Margin Coverage program is expected to open on June 17. Milk production will retroactively be covered starting January 1, 2019. The actual margins for January, February and March are \$7.99, \$8.22 and \$8.85 per hundredweight, respectively
- Dairy producers can receive a refund for a portion of their insurance premiums paid into the Dairy Margin Protection Program. Farms that haven't done so already can request a refund for additional premiums paid into MPP for margins greater than \$4.00 per hundredweight during program years 2014-2017. Eligible dairy farmers should soon receive a letter from FSA informing them that they qualify for a refund. A 75% refund is offered to dairy farmers who wish to use the refund to pay for DMC premiums. Alternatively, dairy farmers can request a one-time 50% refund as cash. Farms have until September 20, 2019, to request the refund.
- The Dairy Decisions Consultant Program remains open and available to those farms who want assistance in making those critical decisions affecting the future of their farm. Once accepted into the program, farms can receive up to \$3,500 in funds to work with a DDC. Call 717-346-0849 to learn more or visit [centerfordairyexcellence.org](http://centerfordairyexcellence.org).