



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Jan)	\$16.31/cwt.	▼ 1.2 %	▲ 3.3 %	▼ 9.4 %
Class IV Milk Price (Jan)	\$13.71/cwt.	▲ 1.1 %	▲ 1.9 %	▼ 17.6 %
Corn (March)	\$5.24/bushel	▲ 6.0 %	▲ 23.5 %	▲ 35.4 %
SBean Meal (January)	\$462.4/ton	▲ 3.7 %	▲ 19.1 %	▲ 54.1 %
Milk Margin (October)*	\$13.68/cwt.	—	▲ 33.3 %	▲ 4.5 %

*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."

- Feed prices jumped this week with the latest World Agricultural Supply and Demand Estimates report showing dramatically reduced supplies of both corn and beans. Corn production estimates were cut by 324 million bushels to 14.182 billion, with an average yield drop of 3.8 bushels per acre. Projected corn use was also cut by 250 million bushels and exports were lowered by 100 bushels. Still, the demand cuts were not significant enough to fully counter the decrease in supply, with ending stocks down 150 million bushels. Estimated soybean production was reduced by 35 million bushels to 4.135 billion bushels, also due to lower yield productions, with ending stocks down 35 million to 140 million bushels.
- Dairy exports were down year-over-year in November for the first time since mid-2019, falling 5.5 percent to a total value of \$500.6 million. US exports of nonfat dry milk were down by 7.8 percent from October's record high. Cheese exports also fell 15.8 percent to 52.8 million pounds. Whey exports were up 27.9 percent.
- The latest USDA Dairy Products report shows November's combined production of nonfat and skim milk powder reaching 206 million pounds, 8.9 percent above year ago levels. Stocks of nonfat dry milk are up 12.4 percent as of Nov. 30 to 250 million pounds. Butter production was up 4 percent from a year ago to 168.3 million pounds, the highest production on record, while total cheese production was up 0.6 percent to 1.1 billion pounds. Whey production fell 5.9 percent from a year ago.
- The average dairy price index in the latest Global Dairy Trade auction was up 3.9 percent to \$3,420 per metric ton. This is the fourth consecutive session-to-session increase. All dairy products boasted price increases, with butter up 7.2 percent, Cheddar up 5 percent, and whole milk powder increasing 3.1 percent.

Government and Industry:

- A pathway for Tier 1 Dairy Margin Coverage (DMC) dairies to increase their Production History (PH) was included in the most recent federal stimulus bill. If you are enrolled in DMC and have expanded since 2014, you will be able to apply for Supplemental PH. Supplemental PH is calculated by subtracting current PH from actual 2019 production. Supplemental PH plus current PH will not be allowed to exceed the Tier 1, 5-million-pound cap. Supplemental PH is available at the same premium rate as your current coverage. In the event of an indemnity, you will receive your regular DMC payment plus a supplemental PH payment calculated based on 75% of your supplemental PH. Supplemental PH begins January 1, 2021 and is not retroactive to previous years. Supplemental PH will be available through 2023, the last year of the current Farm Bill cycle. Under conditions of the bill, the USDA has 45 days from December 27, 2020 to open enrollment for supplemental PH increases. No other details are known at this time. The new legislation specifically prohibits the reopening of 2021 DMC enrollment to those who did not enroll during the enrollment period last fall. In Pennsylvania, 1,663 dairy farms are enrolled in the program offered by USDA to provide protection against falling milk margins.