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Dairy EXCELLENCE
Dairy Week In Review

Dated January 9, 2020



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Jan) **	\$17.99/cwt.	▼ 0.3 %	▼ 11.7 %	▲ 19.9 %
Corn (Mar)	\$3.87/bushel	—	▲ 7.6 %	▲ 3.5 %
SBean Meal (Jan)	\$300.1/ton	▲ 1.4 %	▲ 2.3 %	▼ 3.3 %
Milk Margin (November)*	\$14.89/cwt.	—	▲ 13.8 %	▲ 31.9 %

*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.

- New Zealand's milk production was up 0.3 percent year over year to 3.003 million metric tons, with season-to-date milk collections down 0.4 percent from a year ago. Australia though continues to struggle, with milk production well below levels a year ago. Combined, milk output in Oceania is down 1.7 billion pounds year over year for the first 11 months of 2019. On the flip side, milk production in the European Union (EU-28) was up 1.33 billion pounds year over year during the 10 month period from January to October 2019.
- USDA's annual Crop Production Report increased corn production estimates for the 2019 harvest by 30 million bushels and soybean production estimates by 8 million bushels. Total corn production was estimated at 13.7 billion bushels, with an average yield increased 1 bushel from December's estimate to 168 bushels per acre. USDA did lower 2019-20 ending corn stocks by 18 bushels. The 2019 soybean harvest was estimated at 3.56 billion bushels, down 20 percent from 2018 but 47,000 bushels above what was estimated in December. The soybean average yield was increased by 1 bushel to 47.4 bushels per acre. Soybean stocks as of Dec. 1, 2019 were estimated at 3.25 billion bushels, down 13 percent from 2018.

Government and Industry:

- This week's signing of the Phase One trade agreement with China makes important advances on nontariff issues harming US dairy trade. However, the US Dairy Export Council and the National Milk Producers Federation say the benefits for dairy remain unclear, since China's retaliatory tariffs remain a significant impediment to US dairy sales in China. The Chinese market remains a valuable export market for US dairy products, despite these retaliatory tariffs, with total sales to China totaling \$377 million from December 2018 to November 2019.
- Dairy producers, employees and those working in the dairy industry are encouraged to "Reignite!" their optimism about dairy and get new perspectives on value-added investments, cost of production, workforce onboarding, dairy cattle reproduction, and more at the 2020 Pennsylvania Dairy Summit. This year's Summit will be held on February 5 - 6 at the Penn Stater Conference Center in University Park, Pa. Significant discounts are being offered for dairy farm owners and employees, making it possible to attend the Summit for \$75, discounted to \$25 for one-day participants. To learn more or to register, visit padairysummit.org or call the Summit Business Office at 814-355-2467.
- With milk prices on the Chicago Mercantile Exchange projected higher in 2020, now may be a good time to look into the Dairy Revenue Protection Program (Dairy R-P). The program offers market-based price coverage for the next five quarters, which include the second quarter of 2020 through the second quarter of 2021. 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 agents is available on the RMA website at www.rma.usda.gov/tools/agent.html.
- The Center is continuing to accept applications for its On-Farm Program. Grants are available for Transformation, Transition and Profit Teams, with funds covering paid team members and discovery-related costs. Farms can also apply for a Dairy Decisions Consultant Grant, which will cover the cost of a consultant to do a whole farm review and offer insight on key decisions affecting the future of the farm. With 2019 behind you, now may be a good time to consider using one of these programs. Contact Melissa Anderson at 717-346-0849 or manderson@centerfordairyexcellence.org to learn more.