



## Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Jan)	\$16.18/cwt.	▼ 0.8 %	▲ 3.8 %	▼ 10.1 %
Class IV Milk Price (Jan)	\$13.80/cwt.	▲ 0.6 %	▲ 2.4 %	▼ 17.6 %
Corn (March)	\$5.21/bushel	▼ 0.6 %	▲ 18.4 %	▲ 34.2 %
SBean Meal (January)	\$442.4/ton	▼ 4.4 %	▲ 7.3 %	▲ 48.5 %
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."

- The average dairy price index on the latest Global Dairy Trade auction jumped 4.8 percent to \$3,593 per metric ton, marking the fifth consecutive session-to-session gain. Cheddar cheese was the only product to decline in price, down 0.3 percent. Butter prices were up 4.6 percent, while skim milk powder was up 7 percent and whole milk powder was up 2.2 percent.
- Class III milk futures prices on the CME continue to show significant volatility. After climbing to highs of above \$18 in February and March, prices retreated this week. As of Wednesday, January 20, the six-month average price for Class III milk futures was \$17.26 per cwt. The six-month average price for Class IV milk futures remains fairly stable, with the price at \$15.25 per cwt. as of the 20th.

## Government and Industry:

- Industry groups are calling for changes to the Class I fluid milk price formula, which would allow farmers to recover losses experienced during the extreme price disruptions caused by the pandemic. The current Class I mover used to price fluid milk in federal milk marketing orders took effect in 2019. It applies a \$0.74/cwt adjuster to the monthly average of Class III and IV prices. That replaced the previous Class I formula, which was based on either the Class III or IV price each month, whichever was higher – an approach that worked for farmers but made it more difficult for fluid milk handlers to hedge milk prices using the futures market. The 2019 change was intended to be revenue-neutral and was widely supported across dairy when it was implemented. But the significant gap between Class III and IV prices that has developed during the pandemic has exposed dairy farmers to asymmetrical losses not experienced by processors. National Milk Producers Federation estimates that farmers may lose an estimated \$800 million in revenues under the current Class I mover formula.
- Cooperatives Working Together announced its total member-assisted sales for 2020, with an estimated 113 million pounds of CWT-assisted dairy products sent overseas in 2020, equivalent to 1.105 billion pounds of milk. The breakdown of the sales included 35.7 million pounds of American-type cheeses, 14.8 million pounds of butter, 55.4 million pounds of whole milk powder, 2.8 million pounds of anhydrous milkfat and 7.3 million pounds of cream cheese.
- The Pennsylvania Dairy Summit is planned for the week of February 8th and will be held as a virtual event. Hosted by the Professional Dairy Managers of Pennsylvania and the Center for Dairy Excellence, the Dairy Summit will feature renowned keynote speakers from across the nation and more than 10 educational breakout sessions. The Dairy Summit is nationally recognized as one of the best conferences for dairy professionals in all types of production. Despite being virtual, this year's event will feature creative ways to connect and engage, including networking opportunities, virtual giveaways, music and entertainment. To learn more about the Dairy Summit, visit [padairysummit.org](http://padairysummit.org) or call the Summit Business Office at 814-326-5993.