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**Dairy** EXCELLENCE  
**Dairy Week In Review**

Dated February 3, 2021



## Markets:

| Dairy Prices                   | Price               | Chge. from Week Ago | Chge. from Month Ago | Chge. from Year Ago |
|--------------------------------|---------------------|---------------------|----------------------|---------------------|
| Class III Milk Price (Feb)     | \$15.58/cwt.        | ▼ 3.5 %             | ▼ 6.5 %              | ▼ 7.8 %             |
| Class IV Milk Price (Feb)      | \$13.50/cwt.        | ▼ 2.2 %             | ▼ 2.6 %              | ▼ 19.3 %            |
| Corn (March)                   | \$5.52/bushel       | ▲ 3.3 %             | ▲ 11.7 %             | ▲ 45.2 %            |
| SBean Meal (March)             | \$435.5/ton         | ▼ 0.3 %             | ▼ 1.8 %              | ▲ 51.5 %            |
| <b>Milk Margin (November)*</b> | <b>\$13.92/cwt.</b> | —                   | ▲ 23.1 %             | ▲ 1.2 %             |

*\*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."*

- USDA announced the January Class III milk price at \$16.04 per hundred-weight, down \$1.01 from a year ago but 31 cents above December's. The Class IV price was announced at \$13.75 per cwt., down \$2.90 from a year ago but up 39 cents from December.
- December's Dairy Margin Coverage (DMC) Margin was announced last week at \$8.78 per cwt. This triggers a \$0.72 per cwt indemnity payment at the maximum \$9.50 margin coverage. December marked the fifth month in 2020 to trigger an indemnity at the highest margin coverage. April, May, June, and September margins also triggered indemnities at the \$9.50 coverage. The premium for the \$9.50 margin coverage is \$0.15 per cwt, and the total benefit for 2020 was \$0.73 per cwt. At the direction of Congress, all DMC payments in 2020 were subject to a 5.9% sequestration fee that reduced the total benefit to \$0.69 per cwt. After subtracting out the premium, DMC provided a net benefit of \$0.54 per cwt for production history enrolled in DMC for 2020. This means that for each 1 million pounds of production history enrolled in DMC up to 5 million pounds, dairy farmers received \$5,377 in net benefit last year.
- According to recent IRI data, fluid milk rose at retail by 2% in 2020, compared to 2019, with increases in both gallon-size and value-added products (lactose-free, etc.). Households with children contributed to much of the increased retail sales of fluid milk. Retail sales of cheese have been on the rise for many years, and 2020 was no different. Retail sales of cheese grew by 13% compared to 2019 annual totals. Meal preparation-type cheeses posted the highest growth, while, like fluid milk, households with children contributed to growth. Yogurt sales were down in 2019 compared to 2018, but that trend was reversed with 4% growth in 2020 compared to 2019. Low-fat and Greek yogurt sales posted the most significant growth over last year.

## Government and Industry:

- 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 814-355-2467.
- The USDA Office of Rural Development has opened the Value-Added Producer Grant Program to help agricultural producers enter into value-added activities related to the processing and marketing of new products. Farms interested in pursuing the grant opportunity should visit [www.rd.usda.gov/programs-services/value-added-producer-grants/](http://www.rd.usda.gov/programs-services/value-added-producer-grants/). You can contact your nearest USDA Rural Development office for information.