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Dairy EXCELLENCE
Dairy Week In Review

Dated February 25, 2020



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Feb) **	\$18.01/cwt.	▲ 0.2 %	▼ 0.3 %	▲ 20.5 %
Corn (Mar)	\$3.70/bushel	▼ 2.7 %	▼ 3.7 %	▲ 1.1 %
SBean Meal (Jan)	\$291.3/ton	▼ 0.6 %	▼ 1.7 %	▼ 3.9 %
Milk Margin (December)*	\$14.83/cwt.	—	▼ 0.4 %	▲ 41.8 %

*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.

- Milk production was up 0.9 percent year-over-year to 18.785 billion pounds in January 2020, with 6,000 fewer cows in the nation's dairy herd. Milk production per cow for the month increased 20 pounds, or about 1 percent, year-over-year to 2,010 pounds. Milk production per cow was up 2.2 percent from December 2019, with 5,000 more cows in the nation's herd than there were a month ago, according to the USDA Milk Production report released last week.
- Texas continues to post dramatic gains in milk production, up 7.9 percent from a year ago, with 32,000 more cows and 40 pounds more milk per cow. California was up 0.7 percent, while Wisconsin was down 1 percent and Idaho was up 3.7 percent. New York and Michigan both posted gains, up 2.2 and 1.7 percent, respectively. Pennsylvania posted the narrowest decline in more than 12 months, down 0.8 percent from a year ago with 20,000 fewer cows and 60 pounds more milk per cow. Pennsylvania's milk production per cow jumped 3.4 percent year over year.
- The US's total annual milk production was up 0.4 percent to 218.38 billion pounds in 2019, with 57,000 fewer cows in the nation's dairy herd but 241 pounds more milk per cow. Over the past ten years, milk production per cow grew 11 percent in the nation. Milk production in California and New York was up slightly, while New York, Idaho and Michigan all posted modest gains at 1.6, 3.2 and 1.9 percent, respectively. Texas grew its milk production by 7.7 percent last year with 28,000 more cows in their herd.
- Pennsylvania was the only dairy state in the top seven to decrease in total milk production, falling 5.2 percent to 10.108 billion pounds annually, just 177 million pounds above the 8th ranked state of Minnesota. Pennsylvania lost 29,000 cows and only grew its milk production per cow by 95 pounds last year. Over the past 10 years, Pennsylvania's milk production per cow is up by 4.4 percent, well below the nation's increase of 11 percent.
- Total dairy farm numbers were also released with this month's report. Nationwide, dairy farm numbers are down 3,281 farms or 8.8 percent from 2018 to 34,187 total at the end of 2019. The number of dairy farms in Pennsylvania has fallen to 5,730 farms statewide as of the end of 2019, down 470 farms or 7.6 percent below numbers reported 12 months ago.
- Average Class III and IV milk futures prices are much lower now than they were at the end of January. Class III milk price for the next 12 months is averaging \$17.02 per cwt., 88 cents lower than January. Class IV price for the next 12 months is averaging \$16.36, \$1.58 per cwt. lower than January. According to the USDA, price reductions are being caused by lower demand for cheese, butter and powder, as well as an expected increase in milk production in 2020. As a result of the decreased Class III and IV prices, the USDA has lowered the 2020 all-milk price to \$18.85 per cwt., 40 cents lower than forecasted in January, but still up 25 cents from the 2019 average of \$18.60 per cwt.

Government and Industry:

- March 15, 2020, is the deadline to enroll in the Dairy Revenue Protection Program (Dairy R-P) for the second quarter of 2020. The Dairy RP Program offers market-based price coverage for the next five quarters, which currently includes the second quarter of 2020 through the second quarter of 2021. The program allows you to put a floor under your milk price. 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. Learn more by contacting Melissa Anderson at 717-346-0849.