



CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated July 15, 2020



Markets:

| Dairy Prices | Price | Chge. from Week Ago | Chge. from Month Ago | Chge. from Year Ago |
|--------------------------------|---------------|---------------------|----------------------|---------------------|
| Class III Milk Price (July) ** | \$24.30/cwt. | ▲ 2.7 % | ▲ 12.3 % | ▲ 39.9 % |
| Corn (September) | \$3.26/bushel | ▼ 5.8 % | ▲ 7.1 % | ▼ 24.9 % |
| SBean Meal (August) | \$285.6/ton | ▼ 2.3 % | ▲ 2.3 % | ▼ 7.7 % |
| Milk Margin (May)* | \$ 6.14/cwt. | — | ▼ 32.30% | ▼ 46.79% |

*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.

- Block cheese prices fell hard on July 15, after being at record high levels. They fell 19 cents to \$2.80 per pound, while butter fell 5.25 cents and cheese barrels remained flat. The falling cheese price sent August and September Class III prices down 75 cents, with the last half of 2020 now averaging \$19.57 per hundredweight. Class IV prices for the remainder of the year average \$14.72 per hundredweight.
- June retail sales continued to show Year-Over-Year growth in all major dairy product categories. According to the most recent IRI data, natural and processed cheese, fluid milk, yogurt, ice cream and sherbet, and butter and butter blends all continued to show YOY growth since March. Butter and butter blends are the highest at 32.4% compared to June 2019. Natural and processed was second and 16.6% higher than last year. It should also be noted that fluid milk increased a modest 4.4% over last June. Retail fluid milk sales have experienced YOY growth since March, the first time fluid milk has accomplished this feat in decades.
- USDA's World Agricultural Supply and Demand Estimates report showed a decrease in 2020 corn production of 995 million bushels from last month's forecast to 15 billion bushel, driven down by reduced acreage. Estimated corn yields remained at 178.4 bushels per area. Estimates for soybean production was increased 10 million pounds to 4.14 billion bushels, with the yield forecast unchanged at 49.8 bushels per acre.

Government and Industry:

- USDA's Farmers to Families Food Box program has delivered 32 million boxes through July 7, according to *Daily Dairy Report*. The program is currently slated to run through August and purchase more than \$2 billion in agricultural products, with the option to increase purchases to \$3 billion. Many analysts speculate the entire \$3 billion will be spent. USDA has announced \$605mm in dairy purchases for the dairy boxes and \$619 million for the combination boxes, some of which will be dairy.
- For those who haven't signed up for the USDA's CFAP Program, you can do so online through the USDA website at www.farmers.gov/cfap. About \$6.20 per hundredweight is available on the first quarter 2020 milk production, in addition to support allocated for cull cows, bull calves and feed inventories. Download the Payment Calculator to estimate your payments and populate the application form. You can then print out the form, sign it, and mail, fax, or email a scanned copy back to your local FSA Office. To sign up through the office, call your local FSA Office. Phone appointments are available.
- Dairy farmers who experienced losses related to dumped milk due to the pandemic can apply for CARES Act funding to reimburse their dairies for those losses. Farms that have a documented loss can apply for a minimum of \$1,500 in assistance and an additional prorated share of the remaining funds, not to exceed the actual value of the discarded milk or the total fees assessed by the handler. For an application, go to agriculture.pa.gov/COVID or call the Center at 717-346-0849 to have an application mailed to you. Leave your mailing address and a phone number with your message.