



CENTER FOR
DairyEXCELLENCE
Dairy Week In Review

Dated July 18, 2019



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (July) **	\$17.31/cwt.	▼ 0.4 %	—	▲ 13.5 %
Corn (Sept)	\$4.36/bushel	▲ 0.4 %	▼ 1.4 %	▲ 25.7 %
SBean Meal (Sept)	\$307.5/ton	▼ 0.6 %	▼ 3.3 %	▼ 6.4 %
Milk Margin (May)*	\$12.80/cwt.	—	▲ 7.8 %	▲ 12.8 %

**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 in the European Union is slowing, with May production levels at around 32 billion pounds of milk, up about 0.1 percent from a year ago. That is a shift from year-over-year increases of 1.7 and 1.5 percent, respectively, in March and April.
- Australia's milk production is challenged by a multi-year drought in south-eastern Australia. The country's milk production for this season-to-date is at about 17.6 million pounds, down 7.7 percent from the same period a year ago, according to Dairy Australia. Cow numbers have fallen about 4 percent, while 375 producers or about 9 percent of the dairy farms have stopped shipping milk in the past year.
- The dairy price index on this week's Global Dairy Trade was up 2.7 percent to an average price of \$3,412 per metric ton, marking the first increase in the past five auctions. All dairy products posted increases except Casein. Whole milk powder and skim milk powder posted the biggest increases, up 3.6 and 3.8 percent, respectively. Cheddar cheese was up 3.3 percent, while butter was up 1.7 percent.
- USDA's Livestock, Dairy and Poultry Outlook this month lowered export forecasts for 2019 and 2020, but increased domestic demand. The all-milk price for 2019 was increased by 20 cents to \$18.20 per hundredweight. The 2020 all-milk price forecast was lowered by 5 cents to \$18.85 per cwt.
- USDA announced the August Base Class I price at \$17.89 per hundredweight, up 71 cents from July and up \$3.74 from a year ago.

Government and Industry:

- Dairy farmers are encouraged to visit their local FSA Office to sign up for the program. Milk production will retroactively be covered starting January 1, 2019. With the 50 percent hay blend, FSA's May 2019 income over feed cost margin is \$9.00 per hundredweight (cwt). The revised margins for January, February, March and April are, respectively, \$7.71, \$7.91, \$8.66 and \$9.00 per cwt. – triggering DMC payments for each month. DMC payments will be expected to go out this month.
- Dairy Revenue Protection (Dairy R-P) coverage for the last fourth quarter of 2019 through the fourth quarter of 2020 is now available from authorized crop insurance agents. Farms can choose to cover any of the five upcoming quarterly (three month) periods, but they must enroll first. 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.
- Penn State Extension will host an "On-Farm Dairy Series" at three locations this summer starting next week. The series provides an opportunity to learn from dairy enterprises that have made improvements based on sound business and facility planning. Dates and locations include July 25 on incremental expansion in Reedsville; July 31 on new dairy systems at in Lebanon; and August 7 on new milking systems in Shippensburg. Details are available under "Upcoming Events" at centerfordairyexcellence.org.