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Dairy Week In Review



Dated August 7, 2019

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Aug)**	\$17.57/cwt.	▲ 1.9 %	▲ 1.7 %	▲ 11.0 %
Corn (Sept)	\$4.04/bushel	▲ 1.0 %	▼ 2.2 %	▲ 9.2 %
SBean Meal (Aug)	\$295.1/ton	▼ 1.0 %	▼ 2.7 %	▼ 11.2 %
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.

- The Dairy Price Index on the latest Global Dairy Trade Auction fell 2.6 percent, marking the fifth decline in the past six auctions. Butter and buttermilk posted the biggest declines at 5.5 and 5.6 percent, respectively. Cheddar cheese prices were down 2 percent, while skim milk and whole milk powders fell 1.6 and 1.7 percent, respectively.
- US dairy exports were 1.0 million tons in the first half of 2019, according to recent trade data. Retaliatory tariffs, African swine fever and strong competition from other markets resulted in lower shipments of milk powders, cheese, butterfat, whey products and lactose, down 14 percent from last year's record pace. Exports of major dairy products to China were down 54 percent, while exports to other regions were up 5 percent. The overall value of US dairy exports reached \$2.95 billion in the first half of 2019, up for the third straight year. Cheese exports were up 4 percent and the highest since 2014.
- The USDA Dairy Products report shows butter production down 9 percent from May to 146 million pounds in June, up 3.1 percent from a year ago production levels. Total cheese production was up slightly from a year ago (+0.6%) to 1.07 billion pounds, down 3.3 percent from last month.
- USDA's Livestock Slaughter report shows dairy cow slaughter falling in June to 258.9 million head, down 2.7 percent from year-ago levels. So far in 2019, dairy cow slaughter is up 4 percent or 68,800 head from the same period in 2018.

Government and Industry:

- As of August 5, 42 percent of the nation's dairy farmers have enrolled in the new Dairy Margin Coverage Program with estimated payments worth \$197 million. Pennsylvania is falling behind with 22 percent of its dairy farms enrolled in the program and payments worth over \$15 million. 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. DMC margins for the first six months of the year are 7.71, 7.91, 8.66, 8.82, 9.00 and \$8.63 per hundredweight, with the \$9.50 coverage level yielding a payment in all six months. The deadline to enroll for this fiscal year is September 20, 2019.
- The Dairy Decisions Consultant Program remains open and available to those farms who want assistance in making those critical decisions affecting the future of their farm. Once accepted into the program, farms can receive up to \$3,500 in funds to work with a DDC. Guidelines for the 2019-20 On-Farm Team Programs are being developed now, with farm applications available in late August. Call 717-346-0849 to learn more or visit centerfordairyexcellence.org.
- Penn State will host Ag Progress Days next week at the Russell E. Larson Agricultural Research Center in Pennsylvania Furnace. Stop by the Center for Dairy Excellence booth in the Dairy Tent to sign up to win a free all-expenses-paid trip to the 2020 Pennsylvania Dairy Summit being held on February 5—6 at the Penn Stater Conference Center in University Park.