



CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated September 9, 2020



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Sept)	\$16.62/cwt.	▼ 16.1 %	▼ 14.8 %	▼ 9.2 %
Class IV Milk Price (Sept)	\$12.83/cwt.	▲ 1.8 %	▼ 5.1 %	▼ 20.8 %
Corn (September)	\$3.50/bushel	▲ 3.2 %	▲ 11.4 %	▲ 0.6 %
SBean Meal (September)	\$310.6/ton	▲ 6.4 %	▲ 10.3 %	▲ 7.3 %
Milk Margin (June)*	\$14.56/cwt.	—	▲ 26.8 %	▲ 15.1 %

**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."*

- The August Class III price was down \$4.77 from July to \$19.77 per hundredweight, up \$2.17 from a year ago. The August Class IV price was announced at \$12.53 per cwt., down \$1.23 from July and down \$4.23 from a year ago.
- US dairy exports were up year over year in July, increasing 23 percent by volume and 17 percent by value from a year ago. Suppliers shipped more than 196 thousand tons of milk powders, cheese, whey products, lactose and butterfat, valued at over \$554 million. Nonfat and skim milk powder sales were up 52 percent, while whole milk exports fell 11 percent. Butterfat exports were up 111 percent, while cheese exports rose 5 percent. Exports represented 14.1 percent of total milk solids produced during the month.
- USDA's Dairy Product report shows total cheese output up 18 percent from a year ago to 1.1 billion pounds in July, the highest total for July on record. Butter production was also at the highest July total on record, up 0.7 percent year-over-year to 372.8 million pounds. Combined production of nonfat dry milk (NDM) and skim milk powder (SMP) totaled 214.7 million pounds, down 2.4% from the record high in July 2019 but much higher than in previous years.
- Milk production growth among the world's major dairy exporters continues to accelerate. In the first half of the year, combined collections in Argentina, Australia, New Zealand, Europe, and the United States were up 1.2 percent from the same period last year, the strongest six-month gain since July 2018, according to the Daily Dairy Report.

Government and Industry:

- Ongoing milk price volatility has become a fundamental in the dairy markets right now. Now may be a good time to look into the Dairy Revenue Protection Program (Dairy R-P). The program offers market-based price coverage for the next five quarters, which include the fourth quarter of 2020 through the fourth quarter of 2021. 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.
- The deadline to apply for direct payments through the Coronavirus Food Assistance Program closed this week. The CFAP direct payment is roughly equivalent to \$6.20 per cwt of an applicant's first quarter milk production. USDA Secretary has announced plans to release another round of CFAP sometime this week. USDA doesn't need to go back to Congress for authority to make additional CFAP payments because the department has plenty of money on hand to make them under its Commodity Credit Corp. authority.
- Dairy farmers who experienced losses related to dumped milk due to the pandemic can apply for CARES Act funding through the Pennsylvania Department of Agriculture 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. The deadline for this program is September 30. 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.
- The Center will be hosting the Dairy Financial and Risk Management Conference virtually from 9 a.m. - 11:30 a.m. on Tuesday and Wednesday, September 15 and 16. The conference is open to anyone and offers insight for dairy financial consultants and lenders working with producers. To learn more, go to centerfordairyexcellence.org/conference or call 717-346-0849.