



CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated September 23, 2020



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Sept)	\$16.25/cwt.	▼ 0.6 %	▼ 17.1 %	▼ 11.1 %
Class IV Milk Price (Sept)	\$12.68/cwt.	▲ 0.3 %	▼ 1.0 %	▼ 22.5 %
Corn (September)	\$3.68/bushel	▼ 0.3 %	▲ 8.5 %	▲ 1.7 %
SBean Meal (September)	\$342.0/ton	▲ 7.2 %	▲ 17.2 %	▲ 16.7 %
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 US total milk production was up 1.8 percent year-over-year to 18.6 billion pounds, with 42,000 more cows in the nation's herd and 27 pounds more milk per cow. Milk per cow averaged 1,987 lbs., down 0.8 percent from July. Cow numbers were flat from July to August. Growth occurred in all seven top producing states except Wisconsin. California's milk production was up 1.8 percent, while Idaho was up 3.4 percent and New York was up 0.6 percent. Texas was up 7.1 percent, while Michigan and Pennsylvania were both up, 1.6 and 1.4 percent, respectively. Wisconsin's milk production fell by 0.3 percent from a year ago. Pennsylvania's cow numbers were still down by 3,000 head from a year ago, while milk production per cow was up 2 percent.
- The USDA Cold Storage report showed total cheese inventories up 1 percent from a year ago to 1.378 billion pounds as of August 31. Despite the record high for the month, total cheese inventories still declined 1 percent from July to August. American cheese inventories were up 4.5 million pounds from July to August to 790 million pounds, which is contrast to a month-to-month decline that historically occurs from July to August. Butter inventories at the end of August totaled 371.7 million pounds, up 22 percent from a year ago and up slightly from July, marking the first August increase in 30 years.
- The October Class I base price was announced at \$15.20 per hundredweight, down \$3.24 from September and \$2.64 below a year ago. Class III and Class IV milk futures prices on the CME diverged this week, with Class III prices for the next six months rebounding to \$17.25 per hundredweight while Class IV prices fell slightly, with the six-month average at \$14.23.

Government and Industry:

- The USDA announced a second round of disaster assistance related to the COVID pandemic. The Coronavirus Food Assistance Program Round 2 (CFAP2) Program includes a dairy payment totaling \$1.20 per hundredweight on a farm's milk production for the last nine months of 2020. The payment is calculated using actual milk production from April 1 to August 31, 2020, and estimating milk production for the September - December time period using the farm's average daily production from April to August. The program also includes \$55 per head for bull calves and dairy steers, but not for breeding stock, and payments of crops including corn, soybeans and wheat. The enrollment period opened September 21 and will close on December 11. USDA will provide 100 percent of the payment to the farm once eligibility is determined. A farm can apply online at farmers.gov/cfap/ or by visiting their local FSA Office to complete an application.
- The deadline to apply for a minimum payment of \$1,500 if you experienced losses related to dumped milk during the pandemic is September 30. Dairy farmers who experienced these losses 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. 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.
- To help farms better understand the guidelines and application process associated with the CFAP2 Program, the Center will host an industry conference call on Tuesday, October 6, from 12 p.m. - 1 p.m. An update on the PA Dairy CARES Program and the Payroll Protection Program forgiveness application process will also be provided during the call. Farms do not need to pre-register, but can text questions to 717-585-0766 prior to the call. To join the call, dial 978-990-5000 and use 553371# as the access code when prompted.
- Enrollment for the 2021 Program Year in USDA's Dairy Margin Coverage Program will open October 15, with the deadline to enroll being December 11. Current margins based on market futures prices fall below the \$9.50 threshold in February 2021 and stay below that threshold through June. For more information, contact your local FSA Office.