



CENTER FOR
DairyEXCELLENCE
Dairy Week In Review

Dated October 7, 2020



Markets:

1Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Oct)	\$20.38/cwt.	▲ 21.0 %	▲ 22.6 %	▲ 3.3 %
Class IV Milk Price (Oct)	\$13.55/cwt.	▲ 6.5 %	▲ 10.1 %	▼ 1.3 %
Corn (December)	\$3.88/bushel	▲ 6.5 %	▲ 10.8 %	▼ 1.3 %
SBean Meal (October)	\$361.0/ton	▲ 10.3 %	▲ 16.4 %	▲ 17.9 %
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."*

- USDA announced the September Class III milk price at \$16.43 per hundredweight, down \$3.34 from last month and \$1.97 per hundredweight below a year ago. The September Class IV milk price was announced at \$12.75 per hundredweight, up 22 cents from August but down \$3.60 from a year ago.
- USDA's Dairy Products Report shows total cheese output in August down 2.1 percent from a year ago to 1.09 billion pounds. Year-over-year Mozzarella production was down 4.4 percent, while Cheddar cheese production was up 0.5 percent. Butter output for the month totaled 152.3 million pounds, marking the highest production for August since 1942. Nonfat dry milk powder production was also at a record high, totaling 144.2 million pounds, up 7.8 percent from a year ago and the highest August production since 1982.
- US dairy export volumes, on a milk solids basis, in August were up 17 percent from a year ago to 190,435 metric tons of milk powder, cheese, whey products, lactose and butterfat, a record for the month. August export values were also up, increasing 11 percent from a year ago to \$548.8 million. Total whey exports were up 29 percent year over year for the month, while cheese exports were up 17 percent and exports of nonfat dry milk and skim milk powder were up 35 percent. Butter exports were up by 4 percent, while exports of whole milk powder fell by 65 percent from a year ago. Dairy exports for the month represented about 16 percent of the US milk supply on a total milk solids basis, according to recent trade data.

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 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. A farm can apply online at farmers.gov/cfap/ or by visiting their local FSA Office to complete an application.
- The Center hosted an industry conference call this past Tuesday to help farms better understand the guidelines and application process associated with the CFAP2 Program. An update on the PA Dairy CARES Program and the Payroll Protection Program forgiveness application process was also provided during the call. To listen to a recording, dial 978-990-5099 and enter Access Code: 553371#. Enter reference number #8 to access the recording.
- Enrollment for the 2021 Program Year of the Dairy Margin Coverage Program opens on October 12. All dairy farmers who want 2021 coverage must visit their local USDA Service Center office to pay the annual administrative fee, which is \$100. Current margin forecasts are projecting a margin below the \$9.50 threshold for February - July of next year. Producers must visit their local office before December 11 to enroll in 2021.