

CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated December 9, 2020



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Dec)	\$15.50/cwt.	▲ 2.0 %	▼ 33.9 %	▼ 24.0 %
Class IV Milk Price (Dec)	\$13.57/cwt.	—	▲ 0.2 %	▼ 19.2 %
Corn (December)	\$4.22/bushel	▲ 0.7 %	▲ 1.2 %	▲ 18.2 %
SBean Meal (December)	\$384.2/ton	▼ 1.4 %	▲ 1.9 %	▲ 30.9 %
Milk Margin (October)*	\$13.68/cwt.	—	▲ 33.3 %	▲ 4.5 %

*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."

- Fluid milk sales have been up and down in 2020, according to USDA's Estimated Fluid Milk Products Sales report. Fluid milk sales were their highest in March, up 8.3 percent from the year earlier, also posting gains over a year ago in June and July. However, Class I utilization fell hard in August, September and October, with changes in school environments hurting fluid milk sales in the fall. Year-to-date, Class I utilization is 1.4 percent lower than it was during the first 10 months of 2019.
- Dairy exports continued to grow in October, with total volumes up 16.6 percent year over year to 188,182 metric tons. Export values were also up, increasing 6.6 percent to a total value of \$563.3 million. Whole milk powder exports were up nearly 80 percent, while dry whey product exports were up nearly 65 percent. Butterfat exports were up 19 percent, while cheese exports fell nearly 13 percent. Year to date, total dairy export volumes are up 15.9 percent to 1,709,388 metric tons. Year to date total dairy export values are also up, with \$5,539.7 million in dairy exports marketed overseas this year.
- USDA's Dairy Products report shows butter output in October at 164.9 million pounds, the highest October total in more than a century and 1.2 percent more than the previous years. Combined production of nonfat dry milk (NDM) and skim milk powder totaled 195.5 million pounds, up 8.6 percent from a year ago. Cheese output totaled 1.1 billion pounds, down 0.6 percent from a year ago and 1.9 percent less than the record-breaking output in October 2018. Cheddar cheese output was up 5.6 percent to an October record high, while mozzarella output was down 4.8 percent.

Government and Industry:

- The Center worked with the Pennsylvania Milk Marketing Board and USDA's Farm Service Agency to host an industry call this week, with the recording now available at centerfordairyexcellence.org/conference-calls/. To listen to the recording, dial 978-990-5099 and use the access code of 553371#. The reference number for the call is #11. This week's call addressed the recent payment requests sent to dairy farmers and milk haulers from the Dean Foods Estate trustees, along with last minute details on signing up for the Dairy Margin Coverage Program through USDA. PMMB shared time sensitive information on how producers should address these claims and made available a declaration letter that producers and haulers can use to demonstrate that the payments were made as part of "normal operations" and are not subject to being paid back. To access that letter, visit <https://www.mmb.pa.gov/Consumer/Pages/default.aspx> or contact either the Center or PMMB for a copy.
- USDA's deadline for dairy farmers to enroll in the Dairy Margin Coverage Program is December 11, as of this publication's press date. However, industry groups are asking for an extension. So far, farmer enrollment in the dairy safety net program is limited, despite low Class III and IV milk futures prices and expected low margins pointing to a payout in 2021.