

CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated December 16, 2020



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Dec)	\$15.79/cwt.	▲ 1.9 %	▼ 31.8 %	▼ 22.5 %
Class IV Milk Price (Dec)	\$13.46/cwt.	▼ 0.9 %	▲ 0.9 %	▼ 19.6 %
Corn (March)	\$4.24/bushel	▲ 0.4 %	▲ 1.0 %	▲ 18.8 %
SBean Meal (January)	\$388.2/ton	▲ 0.4 %	▼ 2.9 %	▲ 32.4 %
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."

- The trend toward fuller fat dairy products accelerated in 2020, according to USDA data and a *Daily Dairy Report* article. Year to date, production of plain and flavored yogurt was up 2.9 percent over 2019. Year-to-date production of regular hard ice cream production was also up, increasing 3.3 percent to 635 million gallons. Butter production year-to-date was up nearly 6 percent, as well.
- The latest World Agricultural Supply and Demand Estimates report from USDA shows feed prices higher into the new year. The US corn supply and use outlook was unchanged from last month, with the season-average farm price at \$4 per bushel. The soybean price estimate was higher than the previous month, with production estimates lowered and usage increased by 15 million pounds. The combined effect would mean, if realized, the lowest ending stocks of soybeans since 2013/14. The US season-average soybean price was increased 15 cents to \$10.55 per bushel.
- The dairy price index on the latest Global Dairy Trade auction increased 1.3 percent to \$3,317 per metric ton. Butter prices were up 6 percent, while Cheddar cheese prices were up 4.2 percent. Skim milk powder and whole milk powder were both up, increasing 1.2 percent and 0.5 percent, respectively. No products posted declines in price this session, which was the third consecutive session with an increase in the average price.
- Australia's milk production fell 0.3 percent in October to 960.1 million liters. However, for the first four months of the season, Australia's milk collections were up 1.6 percent from a year ago.

Government and Industry:

- The Center worked with the Pennsylvania Milk Marketing Board and USDA's Farm Service Agency to host an industry call last 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.
- The application period for USDA's Coronavirus Food Assistance Program Round 2 closed last Friday, with 838,689 applications approved and \$12.473 billion in payments made to agricultural producers. \$1.133 billion in direct payments went to dairy producers. Dairy farms in Pennsylvania received \$60.629 million in direct payments.
- Enrollment in the USDA's Dairy Margin Coverage Program for the 2021 Program Year closed last Friday as well. Although applications are still being processed, 17,131 dairy farms are now enrolled in the program for next year, with 1,495 of those farms being in Pennsylvania.