



CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated December 28, 2019



Merry Christmas!



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Dec) **	\$20.36/cwt.	▼ 0.1 %	▼ 4.8 %	▲ 37.2 %
Corn (Dec)	\$3.87/bushel	—	▲ 5.4 %	▲ 3.8 %
SBean Meal (Dec)	\$301.8/ton	▼ 0.4 %	▲ 2.3 %	▼ 0.6 %
Milk Margin (November)*	\$14.89/cwt.	—	▲ 13.8 %	▲ 31.9 %

*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." Milk margin is affected by both milk & feed prices. ** The milk price reported is the Class III futures price for the next month plus a basis of \$1.00, an estimate of what could be on your milk check next month.

- USDA announced the Class I base price for January 2020 at \$19.01 per cwt., down 32 cents from December but up \$3.89 from a year ago.
- Butter stocks were up 17.1 percent from a year ago to 180.7 million pounds at the end of November, according to USDA's Cold Storage report, marking the largest November stockpile since 1993. The October-to-November drawdown was in line with the historical average of 50 to 60 million pounds. Total cheese inventories were at 1.32 billion pounds, down about 2.1 percent from a year ago. American cheese stocks were down 7.4 percent from November 2018 to 740 million pounds at the end of this November.

Government and Industry:

- The House of Representatives passed the USMCA agreement last Thursday, after months of negotiation between the Trump Administration, Mexican officials and congressional Democrats. The measure will create new opportunities for U.S. dairy producers once implemented. The Senate is expected to vote on the measure next month.
- The US Trade Representative's office also announced that United States and China have reached a Phase I trade agreement, which includes agriculture and expanding trade. However it does not include much detail, including information on the dairy provisions. The deal needs to be signed by both countries before becoming official.
- China did announce that it would lower tariff rates on a number of dairy products, including whey powder, infant formula, and most cheese varieties. The lower tariffs are expected to apply to most Chinese suppliers, not exclusively the US. Tariff details are not expected to be made official until after Christmas and will likely to take effect Jan. 1.
- The Center is now accepting applications for its On-Farm Program. Grants are available for Transformation, Transition and Profit Teams, with funds covering paid team members and discovery-related costs. Farms can also apply for a Dairy Decisions Consultant Grant. Contact Melissa Anderson at 717-346-0849 for more information.