

THE COURIER

Monthly Newsletter

January 2019

Suspension of USDA Reports

Due to a lapse in federal funding, work on National Agricultural Statistics Service (NASS) and Office of the Chief Economist – World Agricultural Outlook Board (OCE-WAOB) reports have been suspended since December 22, 2018 and remain suspended. The date of all NASS and OCE-WAOB releases will be determined and made public once funding has been restored.

Release No. 0001.19

USDA Highlights Dairy Safety Net Tool

More than 21,400 dairy producers opted for coverage through the [Margin Protection Program for Dairy](#) (MPP-Dairy) in 2018, up by more than 2,000 producers from the previous year. This U.S. Department of Agriculture (USDA) program was significantly updated in February 2018 by the Bipartisan Budget Act of 2018, and Agriculture Secretary Sonny Perdue said those changes attracted more producers to enroll in the safety net program or to increase their coverage.

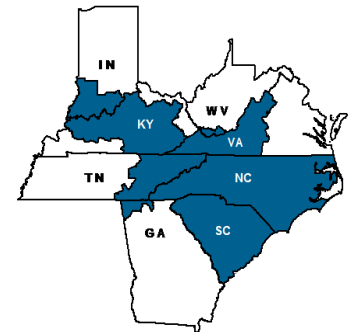
“Dairy producers have long been battling low prices, high input costs, and a surplus in the global market. Unfortunately, the 2014 Farm Bill did not provide a sufficient safety net to dairy producers and so it was timely that Congress opted to provide additional support through the Margin Protection Program last February,” Secretary Perdue said. “We are pleased to announce that roughly half of our nation’s dairy producers enrolled for coverage under this reworked Program, providing additional capital to keep some of these folks afloat. We understand that this is not a total fix nor long-term solution for dairy producers, but we are glad that the Farm Service Agency was able to spring into action to get these critical payments out the door just a few months after the legislative changes were enacted. USDA is looking forward to prioritizing the implementation of the Dairy Margin Coverage Program, the new longer-term, more comprehensive dairy safety net program, following the passage of the 2018 Farm Bill.”

USDA Highlights Dairy Safety Net Tool, cont'd on pg. 3

Dairy: World Markets and Trade

The rate of growth in milk production among major exporters – Argentina, Australia, the European Union, New Zealand, and the United States – is forecast to remain slow in 2019 as the impact of current drought in Australia and lower global prices are expected to lead to lower returns to farmers. Nevertheless, milk production among major exporters in 2019 is still expected to expand by 1 percent or about 3.2 million tons with the biggest gains in volume forecast to occur in the European Union and the United States. This slight reduction in growth is unlikely to reverse the recent downtrend in global prices for most dairy products.

Dairy: World Markets and Trade, cont'd on pg. 3



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Appalachian Statistical Summary

	DECEMBER 2018	NOVEMBER 2018	DECEMBER 2017
PRICES: (Base Zone)			
Uniform Price	\$17.45	\$18.12	\$18.37
Class I Price	18.45	18.92	20.28
Class II Price	15.67	15.63	14.49
Class III Price	13.78	14.44	15.44
Class IV Price	15.09	15.06	13.51
Uniform Skim Milk Price	\$8.90	\$9.48	\$9.88
Class I Skim Milk Price	9.82	10.21	11.70
Class II Skim Milk Price	7.12	6.96	5.94
Class III Skim Milk Price	5.18	5.76	6.95
Class IV Skim Milk Price	6.54	6.40	4.95
Uniform Butterfat Price	\$2.5311	\$2.5635	\$2.5245
Class I Butterfat Price	2.5626	2.5918	2.5675
Class II Butterfat Price	2.5150	2.5455	2.5021
Class III Butterfat Price	2.5080	2.5385	2.4951
Class IV Butterfat Price	2.5080	2.5385	2.4951
PRODUCER MILK:			
Class I	331,585,712	352,757,721	341,480,359
Class II	53,289,461	58,879,872	66,976,629
Class III	38,805,381	22,969,011	24,059,803
Class IV	74,387,654	37,152,831	88,141,897
Total Producer Milk	498,068,208	471,759,435	520,658,688
PERCENT PRODUCER MILK IN:			
Class I	66.57	74.77	65.59
Class II	10.70	12.48	12.86
Class III	7.79	4.87	4.62
Class IV	14.94	7.88	16.93

F.O. 5 STATS FOR DECEMBER 2018:

The Uniform Price

for December 2018 was \$17.45 per cwt., a decrease of \$0.67 from November 2018.

Total Class I Milk

for December 2018 was 331.6 million pounds, a decrease of 9.9 million pounds, or 2.9 percent, compared to December 2017.

Class I Utilization

was 66.57 percent for December 2018, an increase of 1.0 percentage points from December 2017.

Total Producer Milk

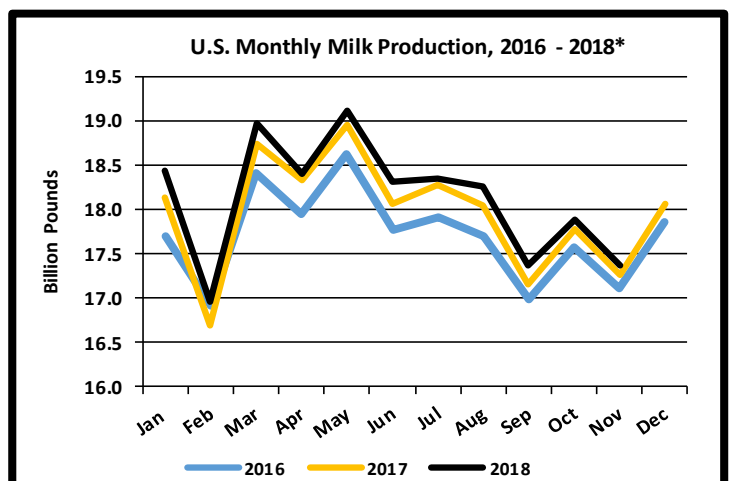
for December 2018 was 498.1 million pounds, a decrease of 22.6 million pounds, or 4.3 percent, compared to December 2017.

November Milk Production Up 0.6%

Milk production in the United States during November totaled 17.4 billion pounds, up 0.6 percent from November 2017.

Production per cow in the United States averaged 1,856 pounds for November, 19 pounds above November 2017.

The number of milk cows on farms in the United States was 9.36 million head, 38,000 head less than November 2017, and 8,000 head less than October 2018.



*Based on entire U.S. production

USDA Highlights Dairy Safety Net Tool, cont'd from pg. 1

MPP-Dairy, administered by USDA's [Farm Service Agency](#), protects dairy producers by paying them when the difference between the national all-milk price and the national average feed cost (the margin) falls below a certain dollar amount elected by the producer.

Many producers received their first MPP-Dairy payments in February 2018, and most producers who have chosen premium coverage levels of \$7, \$7.50, or \$8 have seen a payment for every month since February. For these seven months, over \$253 million in payments have been made to dairy operators.

The Bipartisan Budget Act made several changes, including:

- ◆ Providing monthly payments instead of bi-monthly;
- ◆ Permitting of dairy operations that had not participated before to enroll in the program;
- ◆ Covering 5 million pounds of production (instead of 4 million) on the Tier 1 premium schedule;
- ◆ Significantly reducing premiums per hundredweight under the Tier 1 premium schedule; and
- ◆ Exempting limited resource, beginning, veteran, and disadvantaged dairy operators from paying the annual administrative fee.

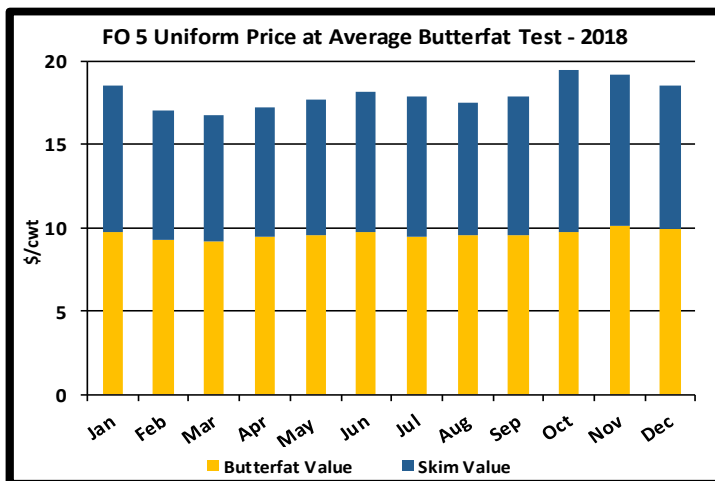
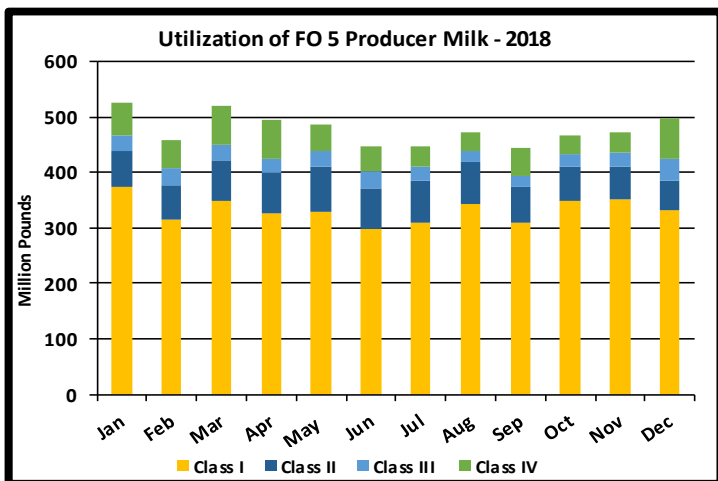
While enrollment for MPP-Dairy has closed, USDA encourages dairy producers to consider other programs, including the [Dairy Revenue Protection Program](#), [Livestock Gross Margin Insurance for Dairy Cattle](#), [Environmental Quality Incentives Program](#), and [Conservation Stewardship Program](#).

Release No. 0274.18

Dairy: World Markets and Trade, cont'd from pg. 1

Although global dairy prices showed signs of recovering during the first half of 2018, they subsequently reversed course and started to decline during the second half of the year as the threat of drought in New Zealand and subsequently, the European Union, receded. Skimmed milk powder (SMP) peaked at a mid-point price of \$2,125 per ton FOB Oceania in late June and then dropped to around \$2,000 per ton by late November 2018. However, the slide in prices has been particularly pronounced for butter. Over the same time span, butter prices peaked at around \$5,900 per ton and then dropped by about one third to \$3,940 per ton FOB in Oceania. In Europe, although export prices are higher, they have followed a similar trajectory despite the threat of a severe drought reducing milk production. This did not materialize, and EU milk output is expected to grow 1 percent annually in 2018 and 2019.

The full December 2018 report is available at: <https://apps.fas.usda.gov/psdonline/circulars/dairy.pdf>



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Federal Milk Marketing Order Statistics - December 2018

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,218.9	753.7	34.0	16.27
5 Appalachian	498.1	331.6	66.6	17.45
6 Florida	227.9	185.3	81.3	19.47
7 Southeast	426.1	298.3	70.0	18.00
30 Upper Midwest	2,946.6	232.3	7.9	14.11
32 Central	1,394.0	408.2	29.3	14.74
33 Mideast	1,574.8	557.9	35.4	15.25
51 California	2,037.5	459.6	22.6	14.91
124 Pacific Northwest	806.8	169.4	21.0	14.96
126 Southwest	1,222.8	354.9	29.0	15.53
131 Arizona	444.6	105.1	23.6	15.30
All Orders	13,798.2	3,856.3	27.9	15.31

¹ Weighted average uniform prices at 3.5% butterfat at announced locations.

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