

THE COURIER

Monthly Newsletter

May 2019

Dairy Outlook

The corn price estimate for the 2018/19 marketing year is \$3.50 per bushel. The corn price is forecast to fall to \$3.30 in 2019/20. The soybean mean price estimate for 2018/19 is \$305 per short ton. The price is forecast to fall to \$290 per in 2019/20. The alfalfa hay price was \$184 per short ton in March, \$4 more than February and \$19 above March 2018

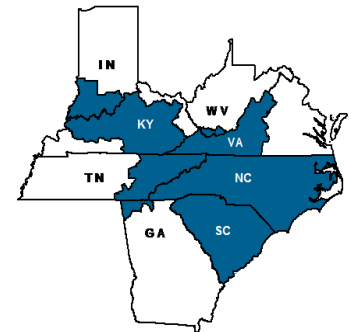
The size of the milking herd was lower than expected in March; as a result, the projection for the average milk cow inventory in 2019 has been lowered 15,000 head to 9.345 million. The milk per cow forecast for the year is now 23,400 pounds, 55 pounds lower than last month's forecast. Milk production for 2019 is now forecast at 218.7 billion pounds, 0.8 billion pounds lower than the previous forecast.

Domestic use on a milk-fat basis for 2019 is now forecast at 214.6 billion pounds, 1 billion pounds lower than last month's forecast, with higher expected prices contributing to slower growth. The export forecast for the year has been raised 0.4 billion pounds to 10.2 billion, based on higher expectations for cheese exports. Ending stocks on a milk-fat basis for 2019 are now forecast at 13.0 billion pounds, 0.4 billion pounds lower than the last forecast, due to lower milk production and higher exports.

The 2019 domestic use forecast on a skim-solids basis is now forecast at 180.5 billion pounds for the year, 1.0 billion pounds lower than the previous forecast. Exports on a skim-solids basis are forecast 0.4 billion pounds higher than last month's forecast, at 42.6 billion pounds for the year, based on higher expected cheese and lactose shipments. Imports are now forecast 5.1 billion pounds for the year, 0.2 billion pounds lower than previously forecast. With lower than expected ending stocks for the first quarter of 2019 and lower expected milk production, the ending stock forecast for 2019 on a skim-solids basis has been lowered slightly to 10.2 billion pounds.

With recent strength in cheese prices and higher expected cheese exports, the cheddar cheese price forecast has been raised to \$1.650 per pound for the year. The dry whey price forecast for 2019 is unchanged at \$0.395 per pound. Butter prices have traded within a relatively small range in 2019, and are expected to continue to do so; the 2019 butter price forecast is \$2.290 per pound. With higher NDM prices in recent weeks and flagging production in Europe and Oceania, the NDM price forecast for 2019 has been raised to \$1.005 per pound.

The Class III price forecast for 2019 has been raised to \$16.05 per cwt due to higher expected cheese prices. The higher forecast for the 2019 NDM price has resulted in a higher Class IV price forecast of \$16.20 per cwt. The 2019 all-milk price has been raised to \$18.05 per cwt.



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Market Administrator

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Appalachian Statistical Summary

	APRIL 2019	MARCH 2019	APRIL 2018
PRICES: (Base Zone)			
Uniform Price	\$18.28	\$18.31	\$16.56
Class I Price	19.16	19.38	17.50
Class II Price	16.38	16.61	14.03
Class III Price	15.96	15.04	14.47
Class IV Price	15.72	15.71	13.48
Uniform Skim Milk Price	\$9.65	\$9.66	\$8.11
Class I Skim Milk Price	10.45	10.65	9.22
Class II Skim Milk Price	7.75	7.95	5.41
Class III Skim Milk Price	7.34	6.35	5.89
Class IV Skim Milk Price	7.09	7.05	4.86
Uniform Butterfat Price	\$2.5610	\$2.5680	\$2.4957
Class I Butterfat Price	2.5939	2.6010	2.4591
Class II Butterfat Price	2.5445	2.5531	2.5183
Class III Butterfat Price	2.5375	2.5461	2.5113
Class IV Butterfat Price	2.5375	2.5461	2.5113
PRODUCER MILK:			
Class I	310,879,236	310,211,438	326,039,989
Class II	74,128,421	64,446,415	74,101,079
Class III	26,017,085	31,833,959	24,950,696
Class IV	59,120,577	73,030,817	70,389,417
Total Producer Milk	470,145,319	479,522,629	495,481,181
PERCENT PRODUCER MILK IN:			
Class I	66.12	64.69	65.80
Class II	15.77	13.44	14.95
Class III	5.53	6.64	5.04
Class IV	12.58	15.23	14.21

F.O. 5 STATS FOR APRIL 2019:

The Uniform Price

for April 2019 was \$18.28 per cwt., an increase of \$1.72 from April 2018.

Total Class I Milk

for April 2019 was 310.9 million pounds, a decrease of 15.2 million pounds, or 4.6 percent, compared to April 2018.

Class I Utilization

was 66.12 percent for April 2019, an increase of 0.3 percentage points from April 2018.

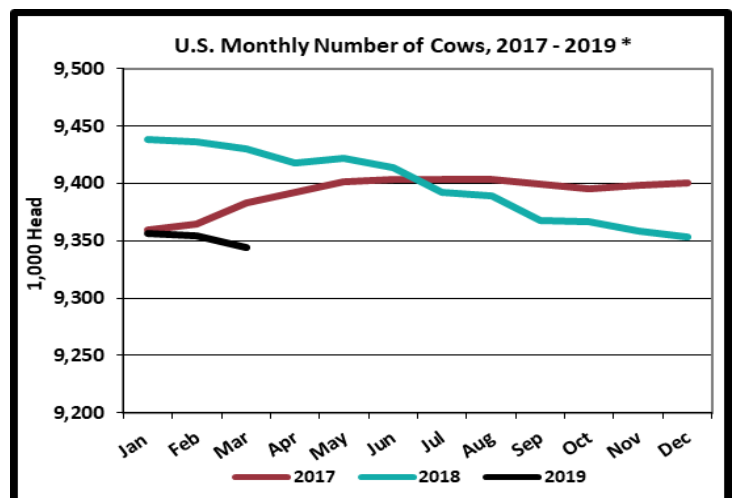
Total Producer Milk

for April 2019 was 470.1 million pounds, a decrease of 25.3 million pounds, or 5.1 percent, compared to April 2018.

March Milk Production Down 0.1%

Milk production in the 23 major States during March totaled 17.8 billion pounds, down 0.1 percent from March 2018. Production per cow in the 23 major States averaged 2,044 pounds for March, 10 pounds above March 2018. This is the highest production per cow for the month of March since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.71 million head, 50,000 head less than March 2018, and 9,000 head less than February 2019.



*Based on entire U.S. production

USDA Announces Grants Available To Support Dairy Industry

The U.S. Department of Agriculture (USDA) announced \$1.5 million in competitive grant funding is available for the Dairy Business Innovation (DBI) Initiatives. DBI is authorized through the 2018 Farm Bill. This program supports USDA's efforts to reduce risk and develop higher-value uses for dairy products, diversify farmer income through processing and marketing innovation, and encourage the use of regional milk production.

The DBI Initiatives are expected to provide direct technical assistance and make grants to dairy businesses. Initiatives must be positioned to draw on existing dairy industry resources, including dairy farm density and farmland suitability for dairying, as well as activities conducted by dairy promotion and research programs, research organizations, dairy businesses, or academic and industry stakeholders. Initiatives may serve a certain product niche, such as specialty cheese, or serve dairy businesses with dairy products derived from the milk of a specific type of dairy animal, including products made from cow, sheep and goat milk.

Applications must be submitted electronically through www.grants.gov by June 17, 2019. For more information about grant eligibility, visit <https://www.ams.usda.gov/services/grants/dbi> or contact AMSGrants@usda.gov.

Decision Tool For Dairy Margin Coverage Program

On April 30, Agriculture Secretary Sonny Perdue announced the availability of a [new web-based tool](#) – developed in partnership with the University of Wisconsin – to help dairy producers evaluate various scenarios using different coverage levels through the new [Dairy Margin Coverage](#) (DMC) program.

The 2018 Farm Bill authorized DMC, a voluntary risk management program that offers financial protection to dairy producers when the difference between the all milk price and the average feed cost falls below a certain dollar amount selected by the producer. It replaces the program previously known as the Margin Protection Program for Dairy. Sign up for this USDA Farm Service Agency (FSA) program opens on June 17.

The tool was designed to help producers determine the level of coverage under a variety of conditions that will provide them with the strongest financial safety net. It allows farmers to simplify their coverage level selection by combining operation data and other key variables to calculate coverage needs based on price projections. The decision tool assists producers with calculating total premiums costs and administrative fees associated with participation in DMC. It also forecasts payments that will be made during the coverage year.

The tool is available at fsa.usda.gov/dmc-tool. For DMC sign up, eligibility and related program information, visit fsa.usda.gov or contact your local USDA Service Center.

Release No. 0064.19

USDA Announces Repayment Options for MPP-Dairy Premiums

USDA's Farm Service Agency (FSA) announced that dairy producers who had coverage under the Margin Protection Program for Dairy (MPP-Dairy), are eligible to receive a repayment for part of the premiums paid into the program.

To be eligible for this repayment, which was authorized by the 2018 Farm Bill, a dairy operation must have participated in the MPP-Dairy during any calendar year from 2014 through 2017, have the repayment calculated and verified by FSA and elect one of two options by September 20, 2019. An operation either can elect to receive 50 percent of the repayment amount as a cash refund or take 75 percent of the amount as a credit that can be used toward premiums for the new Dairy Margin Coverage (DMC) Program.

An operation's repayment amount is calculated for each applicable calendar year in which that dairy participated in MPP-Dairy, from 2014 through 2017. The repayment amount is equal to the difference between the total amount of premiums paid by the dairy operation for each applicable calendar year of coverage and the total amount of payments made to the MPP-Dairy participating dairy operation for that applicable calendar year.

Eligible dairy producers will receive a letter from FSA, outlining their repayment options.

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Jan - Mar Milk Production Up 0.2%

Milk production in the United States during the January - March quarter totaled 54.5 billion pounds, up 0.2 percent from the January - March quarter last year.

The average number of milk cows in the United States during the quarter was 9.35 million head, 8,000 head less than the October - December quarter, and 84,000 head less than the same period last year.

Federal Milk Marketing Order Statistics - April 2019

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,271.3	701.0	30.9	17.34
5 Appalachian	470.1	310.9	66.1	18.28
6 Florida	214.0	182.7	85.4	20.46
7 Southeast	444.5	298.5	67.2	18.70
30 Upper Midwest	3,010.9	230.7	7.7	16.11
32 Central	1,512.0	394.7	26.1	16.13
33 Mideast	1,652.5	557.4	33.7	16.44
51 California	2,180.1	451.0	20.7	16.42
124 Pacific Northwest	754.3	146.9	19.5	16.11
126 Southwest	1,285.3	359.3	28.0	17.00
131 Arizona	440.4	106.0	24.1	16.43
All Orders ^{1/}	14,235.5	3,739.1	26.3	16.70

^{1/} Weighted average uniform prices at 3.5% butterfat at announced loca-

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