

# THE COURIER

Monthly Newsletter

## Dairy Outlook

### *Dairy Forecasts for the Remainder of 2019*

Based on recent data for milk cow numbers and dairy cow slaughter, milk cows for the third quarter are expected to number 9.320 million head, 5,000 higher than forecast last month. Milk per cow for the third quarter is expected to be 5,805 pounds, an increase of 15 pounds from the last forecast based on recent data. As a result of these changes, milk production for the third quarter is now expected to be 54.1 billion pounds, 0.2 billion pounds higher than the last forecast.

Changes in product price forecasts for the fourth quarter of 2019 are mixed. Based on recent price movements, the fourth-quarter price for Cheddar cheese has been raised by 4 cents to \$1.875 per pound, but fourth-quarter price forecasts for butter and dry whey have been lowered to \$2.145 per pound (-3.0 cents) and \$0.365 per pound (-0.5 cents), respectively.

With the higher cheese price forecast more than offsetting the lower dry whey forecast, the Class III price forecast for the fourth quarter of 2019 has been raised to \$17.95 per hundredweight (cwt), 35 cents higher than last month's forecast. The increase in the NDM price forecast outweighs the decrease in the butter price forecast, resulting in a fourth-quarter Class IV forecast of \$16.10 per cwt, 5 cents higher than last month's forecast.

For the fourth quarter, the all-milk price forecast has been increased by 20 cents to \$19.60 per cwt. For the year, the all-milk forecast is \$18.40 per cwt, 5 cents higher than last month's projection.

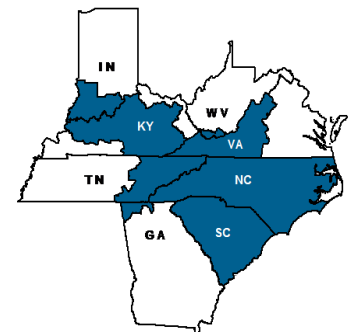
*Dairy Outlook, cont'd on pg. 3*

## Dairy Business Innovation Initiatives

USDA recently announced three grant recipients for the Dairy Business Innovation (DBI) Initiatives. The DBI Initiatives support dairy businesses in the development, production and marketing and distribution of dairy products. DBI Initiatives will provide direct technical assistance and grants to dairy businesses, including niche dairy products, such as specialty cheese, or dairy products derived from the milk or a dairy animal, including cow, sheep and goat milk.

These initiatives will specifically focus on: diversifying dairy product markets to reduce risk and develop higher-value uses for dairy products; Promoting business development that diversifies farmer income through processing and marketing innovation; and encouraging the use of regional milk production. The University of Tennessee, the Vermont Agency of Agriculture, Food and Markets, and the University of Wisconsin were all grant awardees. More information on the DBI Initiatives is available at <https://www.ams.usda.gov/services/grants/dbi>.

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## Appalachian Statistical Summary

|                                  | SEPTEMBER 2019     | AUGUST 2019        | SEPTEMBER 2018     |
|----------------------------------|--------------------|--------------------|--------------------|
| <b>PRICES: (Base Zone)</b>       |                    |                    |                    |
| Uniform Price                    | \$20.04            | \$20.34            | \$17.35            |
| Class I Price                    | 21.25              | 21.29              | 18.25              |
| Class II Price                   | 16.93              | 17.60              | 15.13              |
| Class III Price                  | 18.31              | 17.60              | 16.09              |
| Class IV Price                   | 16.35              | 16.74              | 14.81              |
| Uniform Skim Milk Price          | \$11.42            | \$11.34            | \$8.60             |
| Class I Skim Milk Price          | 12.27              | 12.21              | 9.32               |
| Class II Skim Milk Price         | 8.46               | 8.57               | 6.43               |
| Class III Skim Milk Price        | 9.91               | 8.60               | 7.45               |
| Class IV Skim Milk Price         | 7.88               | 7.71               | 6.12               |
| Uniform Butterfat Price          | \$2.5784           | \$2.6857           | \$2.5864           |
| Class I Butterfat Price          | 2.6895             | 2.7170             | 2.6458             |
| Class II Butterfat Price         | 2.5052             | 2.6644             | 2.5512             |
| Class III Butterfat Price        | 2.4982             | 2.6574             | 2.5442             |
| Class IV Butterfat Price         | 2.4982             | 2.6574             | 2.5442             |
| <b>PRODUCER MILK:</b>            |                    |                    |                    |
| Class I                          | 321,162,073        | 339,293,783        | 308,593,036        |
| Class II                         | 61,402,040         | 71,403,400         | 66,505,736         |
| Class III                        | 19,447,734         | 20,819,357         | 19,403,535         |
| Class IV                         | 40,560,100         | 34,064,930         | 50,014,197         |
| <b>Total Producer Milk</b>       | <b>442,571,947</b> | <b>465,581,470</b> | <b>444,516,504</b> |
| <b>PERCENT PRODUCER MILK IN:</b> |                    |                    |                    |
| Class I                          | 72.57              | 72.88              | 69.42              |
| Class II                         | 13.87              | 15.34              | 14.96              |
| Class III                        | 4.39               | 4.47               | 4.37               |
| Class IV                         | 9.17               | 7.31               | 11.25              |

### F.O. 5 STATS FOR September 2019:

#### The Uniform Price

for September 2019 was \$20.04 per cwt., a decrease of \$0.30 from August 2019 and \$2.69 from September 2018.

#### Total Class I Milk

for September 2019 was 321.2 million pounds, an increase of 12.6 million pounds, or 4.1 percent, compared to September 2018.

#### Class I Utilization

was 72.57 percent for September 2019, an increase of 3.15 percentage points from September 2018.

#### Total Producer Milk

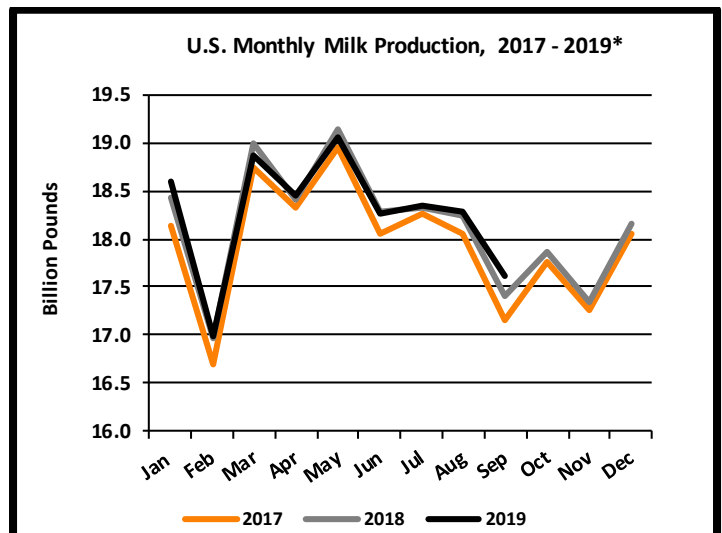
for September 2019 was 442.6 million pounds, a decrease of 1.9 million pounds, or .4 percent, compared to September 2018.

## September Milk Production up 1.6%

Milk production in the 24 major States during September totaled 16.8 billion pounds, up 1.6 percent from September 2018. August revised production at 17.5 billion pounds, was up 0.5 percent from August 2018. The August revision represented an increase of 32 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 1,913 pounds for September, 33 pounds above September 2018.

The number of milk cows on farms in the 24 major States was 8.80 million head, 11,000 head less than September 2018, but 7,000 head more than August 2019.



\*Based on entire U.S. production

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## Dairy Outlook, cont'd from pg. 1

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### *Dairy Forecasts for 2020*

With higher expected cheese prices for the fourth quarter of 2019 carrying over into 2020 and lower expected imports, the cheese price forecast for 2020 has been raised 1.5 cents to \$1.790 per pound for the year. The dry whey price forecast for 2020 is unchanged at \$0.375. With stronger expected global demand for NDM/SMP, the NDM price forecast has been raised half a cent to \$1.040 per pound. The butter price forecast for the year is 2.5 cents lower than last month's, at \$2.20 per pound, as lower price levels in late 2019 should carry over into 2020.

With a higher cheese price forecast for 2020, the Class III price forecast is \$17.20 per cwt for the year, 15 cents higher than last month's forecast. The Class IV price forecast has been lowered 5 cents to \$16.10 per cwt for the year, as the lower butter price forecast more than offsets the higher NDM price forecast. The all-milk price forecast for 2020 is unchanged at \$18.85 per cwt.

Livestock, Dairy, and Poultry Outlook, LDP-M-304,  
October 17, 2019, USDA, Economic Research Service

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## USDA Opens 2020 Enrollment for Dairy Margin Coverage Program

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WASHINGTON, Oct. 7, 2019 – Dairy producers can now enroll in the Dairy Margin Coverage (DMC) for calendar year 2020. USDA's Farm Service Agency (FSA) opened signup today for the program that helps producers manage economic risk brought on by milk price and feed cost disparities.

"We know it's tough out there for American farmers, including our dairy producers," said Bill Northey, Under Secretary for Farm Production and Conservation. "As Secretary Perdue said, farmers are pretty good at managing through tough times, and we know that more dairy farmers will be able to survive with this 2018 Farm Bill and its risk mitigation measures, like the Dairy Margin Coverage program." The DMC program offers reasonably priced protection to dairy producers when the difference between the all-milk price and the average feed cost (the margin) falls below a certain dollar amount selected by the producer. The deadline to enroll in DMC for 2020 is Dec. 13, 2019.

Dairy farmers earned more than \$300 million dollars from the program in 2019 so far. Producers are encouraged to take advantage of this very important risk management tool for 2020. All producers who want 2020 coverage, even those who took advantage of the 25 percent premium discount by locking in the coverage level for five years of margin protection coverage are required to visit the office during this signup period to pay the annual administrative fee.

"Dairy producers should definitely consider coverage for 2020 as even the slightest drop in the margin can trigger payments," said Northey. "Dairy producers should consider enrolling in DMC to guard against what has been, for several years, an extremely unforgiving market."

For more information on enrolling in DMC and taking advantage of an online dairy decision tool that assists producers in selecting coverage for 2020, visit the DMC webpage. Enrollment Ends Dec. 13, 2019.

For additional questions and assistance, contact your local USDA service center. To locate your local FSA office, visit [farmers.gov/service-locator](http://farmers.gov/service-locator).

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## USDA Grants would like Feedback on How they Evaluate Grant Programs

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USDA Agricultural Marketing Service (AMS) is updating their performance measures and looking for feedback from farmers, producers, ranchers, farmer organizations, trade associations, universities, etc. for their [grant programs](#), including the Farmers Market and Local Food Promotion Programs, Specialty Crop Block Grant Program, and **Dairy Business Innovation Initiatives**. Visit their website to learn more about the [Performance Measures project](#).

You may provide your feedback at the following national meetings or through comments to <https://nasda.foundation/contact-us> | [RSVP Today!](#)

\*New Haven, CT: October 25, 2019

\*Tallahassee, FL: October 29, 2019

\*Monterey, CA: November 5, 2019

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**July-September Milk  
Production up 0.5%**

Milk production in the United States during the July - September quarter totaled 54.3 billion pounds, up 0.5 percent from the July - September quarter last year.

The average number of milk cows in the United States during the quarter was 9.32 million head, 10,000 head less than the April - June quarter, and 66,000 head less than the same period last year.

**Federal Milk Marketing Order Statistics - September 2019**

| Federal Order         | Producer Deliveries<br>Million Pounds | Class I Producer Receipts<br>Million Pounds | Class I Utilization<br>Percent | Statistical Uniform Price<br>\$/cwt |
|-----------------------|---------------------------------------|---|--------------------------------|-------------------------------------|
| <b>1 Northeast</b>    | <b>2,163.7</b>                        | <b>688.2</b>                                | <b>31.8</b>                    | <b>18.78</b>                        |
| <b>5 Appalachian</b>  | <b>442.6</b>                          | <b>321.2</b>                                | <b>72.6</b>                    | <b>20.04</b>                        |
| 6 Florida             | 204.3                                 | 163.4                                       | 80.0                           | 21.85                               |
| 7 Southeast           | 381.5                                 | 278.5                                       | 73.0                           | 20.52                               |
| 30 Upper Midwest      | 2,283.9                               | 220.9                                       | 9.7                            | 18.23                               |
| 32 Central            | 1,038.2                               | 372.9                                       | 35.9                           | 17.71                               |
| 33 Mideast            | 1,425.1                               | 524.0                                       | 36.8                           | 18.00                               |
| 51 California         | 1,768.2                               | 455.7                                       | 25.8                           | 17.37                               |
| 124 Pacific Northwest | 623.0                                 | 142.2                                       | 22.8                           | 17.43                               |
| 126 Southwest         | 783.5                                 | 347.1                                       | 44.3                           | 18.21                               |
| 131 Arizona           | 335.3                                 | 101.9                                       | 30.4                           | 18.08                               |
| <b>All Orders</b>     | <b>11,449.2</b>                       | <b>3,616.1</b>                              | <b>31.6</b>                    | <b>18.29</b>                        |

<sup>1/</sup> Weighted average uniform prices at 3.5% butterfat at announced locations.

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