

## **To All Ag Reporter Email Recipients:**

Here is your weekly update for ag information. Click on the topic and it will take you directly to that article. In order of appearance:

[\*Dairy Situation and Outlook, October 22, 2019\*](#)

[\*Soil, Water & Nutrient Management Meetings\*](#)

[\*Wisconsin Crop Manager\*](#)

### ***Dairy Situation and Outlook, October 22, 2019***

By Bob Cropp, Professor Emeritus, University of Wisconsin Cooperative Extension  
University of Wisconsin-Madison

Milk prices continue to strengthen. Higher cheese prices have increased the Class III price from its yearly low of \$13.89 last February to \$18.31 in September and will be around \$18.65 for October. Cheese prices have been up and down since September, but higher cheese prices have more than offset lower dry whey prices. Dry whey prices which were \$0.3975 per pound mid-September are now \$0.2865. On the CME cheddar barrels were a low of \$1.6125 per pound on September 26th, reached \$2.025 on October 15th, the first time at \$2.00 since 2014, and are now \$2.105. The price of 40-pound cheddar blocks reached \$2 per pound on September 9th, also the first time since 2014, but fell below \$2 by September 24th, didn't reach \$2 again until October 8th, only to fall again below \$2.00 on October 17th to \$1.9675 with a rally on October 22nd to \$2.1025. The cheese market perhaps is a little more settled now with the spread between barrels and blocks more than \$0.30 per pound parts of September to now close together.

Higher nonfat dry milk prices have more than offset lower butter prices to increase the Class IV price. CME butter prices have been averaging lower in October than in September. October butter was as high as \$2.185 per pound and is now \$2.09. The nonfat dry milk price which started September at \$1.475 per pound increased steadily since to now \$1.165. The Class IV price which was at a yearly low in January at \$15.48 was \$16.35 in September and will be near \$16.45 in October.

Continued relatively small increases in milk production, favorable butter and cheese sales, dairy exports doing better than earlier thought with the ongoing trade war with China, and tighter stock levels have all supported higher dairy product prices and higher Class III and Class IV prices. We can expect some further price strengthening for November before some drop back for December. For the year the Class III price could average around \$16.75 compared to \$14.65 last year and the Class IV price around \$16.30 compared to \$14.65 last year.

USDA's estimated milk production for September to be 1.3% higher than a year ago due to higher milk production per cow. Milk production per cow was 1.8% higher than a year ago with milk cow numbers down 0.6%. Relatively strong increases in milk production occurred in Texas at 9.3%, Colorado at 5.6%, South Dakota at 5.4%, Michigan at 3.8% and Idaho at 3.6%. Milk production was 1.6% in California, 2.0% in New Mexico, 1.7% in New York, and just 0.6% in Wisconsin. Milk production fell 7.3% in Virginia, 4.9% in Arizona and 3.8% in Pennsylvania.

Compared to August a year ago, exports were down 18% for nonfat dry milk, 55% for butterfat, 21% for dry whey and 6% for cheese. Cheese exports year-to-date were still 2% higher than a year. Lower dairy

exports to China, Japan and Oceania have been partially offset with higher exports to Southeast Asia, South Korea and South America. On a total milk solids basis January through August exports were still 14.1% of milk production, but down from 16.5% a year ago.

Compared to a year ago, September 30th stocks of American cheese were 4.0% lower, total cheese 0.8% lower, but butter was 7.0% higher. August 31st stocks of dry whey and nonfat dry milk were down 1.8% and 3.8% respectively.

Market indicators are for milk prices to average higher in 2020. Milk prices below the cost of production all of 2015 through the first half of 2019 placed a lot of financial stress on dairy producers and loss of equity. This will keep the increase in 2020 milk production to a modest level. A build back of loss equity will be needed before we see dairy producers responding to higher milk prices. We will likely see no or little increase in the average number of milk cows. July 1st dairy Replacement numbers were 2.4% lower than a year ago. With higher milk prices some dairy producers may find lower producing cows still profitable and keep them in the herd longer. With a wet spring, summer and fall which delayed corn planting and made harvesting quality forages a challenge will likely dampened increases in milk per cow. USDA is forecasting a slight increase in the average number of milk cows at 0.1% and a 1.43% increase in milk per cow resulting in a 1.56% increase in total milk production.

Barring a recession domestic butter and cheese sales will be positive for milk prices. Dairy exports could be a little higher in 2020. A summer drought in parts of Western Europe and compliance to environmental issues is keeping the increase in milk production well below 1%. Milk production in both Argentina and Australia is running almost 6% lower due to weather issues. Milk production is running a little higher in New Zealand. Overall it looks like world milk production will be up less than 1% resulting in higher world dairy product prices. Barring a world recession that dampens world demand this should open opportunities for U.S. dairy exports. USDA is forecasting U.S. exports to be up 3.3% on a milk fat basis and 6.5% on a skim solids basis.

As of now I could see the Class III price averaging in the strong \$17's for the first half of the year and the strong \$18's in the second half with an average for the year around \$17.85, more than a dollar higher than 2019. With anticipated stronger nonfat dry milk prices the Class IV price could average around \$17.10, about \$0.65 higher than 2019. USDA's forecast is not quite as optimistic with Class III averaging just \$0.65 higher and Class IV \$0.10 lower. But, all forecasts will no doubt be modified as we move through the year and see what actually is developing. Nevertheless, 2020 should be a better year than 2019.

Robert Cropp, [racropp@wisc.edu](mailto:racropp@wisc.edu), University of Wisconsin-Madison

## Soil, Water & Nutrient Management Meetings

# 2019

### Soil, Water & Nutrient Management Meetings

Registration fee is \$45 (includes registration, information packet, and lunch)

{4 hours of Certified Crop Advisor CEU credits have been requested}

**Tuesday, Dec. 3** – Madison at UW Extension Office, 5201 Fen Oak Dr. **CONTACT HOST:** George Koepp/ Carrie Edgar, Dane Co. UWEX, Madison, WI 53718. 608-224-3716. Please register online at <http://dane.extension.wisc.edu>

**Wednesday, Dec. 4** – Sparta at Jake's Northwoods, 1132 Angelo Rd., Hwy 21. **CONTACT HOST:** Bill Halfman, Monroe Co. UWEX, 14343 Co. Hwy B, Rm. 1, Sparta, WI 54656; 608-269-8722.

**Thursday, Dec. 5** – Eau Claire at Eagles Club, 2488 Hallie Rd., Chippewa Falls. **CONTACT HOST:** Andy Heren, Eau Claire Co. UWEX, 227 First St., Altoona, WI 54720; 715-839-4712.

**Friday, Dec. 6** – Marshfield at Marshfield Ag Res. Station Auditorium, 2611 Yellowstone Dr. **CONTACT HOST:** Richard Halopka, Clark Co. UWEX, 517 Court St., Rm. 104, Neillsville, WI 54456; 715-743-5121.

**Monday, Dec. 9** – Juneau at Dodge Co. Admin Bldg., 127 Oak St. **CONTACT HOST:** Joe Zimbric, Dodge Co. UWEX, Admin Bldg. 127 Oak St., Juneau, WI 53039; 920-386-3790.

**Tuesday, Dec. 10** – Kiel at Millhome Super Club, 3 miles East on Hwy. 57/31. **CONTACT HOST:** Mike Bellweg, Sheboygan Co. UWEX, 5 University Dr., Sheboygan, WI 53081; 920-459-5904.

**Wednesday, Dec. 11** – Cecil at The Main Event, 206 North Lemke St. **CONTACT HOST:** Kimberly Schmidt, Shawano Co UWEX, Courthouse, Rm. 101, 311 N. Main St., Shawano, WI 54166; 715-526-6136.

**Thursday, Dec. 12** – Dodgeville at Iowa Co. Health & Human Services Bldg., 303 W. Chapel St. **CONTACT HOST:** Gene Schriefer/Josh Kamps, Iowa Co. UWEX, 303 W. Chapel St., Ste. 1200, Dodgeville, WI 53533; 608-930-9850.

The schedule for the 2019 Soil, Water & Nutrient Management Meetings is listed above. Presentation topics will include: Comparing tillage practices and nitrogen rates for corn: early corn development and yield impacts (*Francisco Arriaga*); Evaluating corn N management decisions (*Carrie Laboski*); Profitability of P and K fertilization of no-till corn and soybean (*Carrie Laboski*); Badger Ag. Tech. Lab Update: Planter aftermarket closing wheels (*Brian Luck*); Wheel traffic effects on alfalfa (*Brian Luck*); Wisconsin nutrient management update (*Sue Porter*); Cover crops, fall manure, and nutrient management (*Matt Ruark*); Biological indicators of soil health (*Matt Ruark*). Presentations will begin at 10 am and run until 3 pm, with a lunch break from 12 to 1 pm. Lunch is included in the \$45 fee. Please read carefully and make sure you contact the appropriate person at your desired location.



## **Wisconsin Crop Manager**

The Wisconsin Crop Manager October 24, 2019 issue is available at:

[https://ipcm.wisc.edu/download/wcm-pdf/WCM2019/WCM\\_2019\\_23a.pdf](https://ipcm.wisc.edu/download/wcm-pdf/WCM2019/WCM_2019_23a.pdf)

## **Weekly Emails Online!**

<http://columbia.uwex.edu/ag-calendar-and-deadlines/>

The Ag Reporter “Snapshot” is presented to you each week by George Koepp, Columbia County UW-Extension Agriculture Agent. If you have any questions about these articles or need other ag-related information, please contact George at 608-742-9682 or by email [george.koepp@wisc.edu](mailto:george.koepp@wisc.edu).