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Dairy Situation and Outlook

October 20, 2020, By Bob Cropp, Professor Emeritus
University of Wisconsin-Madison Division of Extension

Somewhat surprising we will see considerable strength in October milk prices. Class III was \$24.54 back in July but had fallen to \$16.43 by September. It looks like Class III for October will increase to about \$21.40 reaching or surpassing the previous record for the month of October set in 2014 at \$21.35. Cheese prices have increased as well as dry whey prices pushing Class III prices higher. On the CME 40-pound cheddar blocks have been above \$2 per pound since early September and as of today it is \$2.74. Cheddar barrels also hit \$2 per pound on October 6th and is now \$2.30. Dry whey had been holding around \$0.33 per pound but is now \$0.3875 adding more than \$0.30 to the Class III price.

Factors contributing to higher cheese prices include cheese production, retail sales, government purchases and exports. The latest dairy product production report was for August showing American cheese production 1.3% lower than a year ago with total cheese production 2.1% lower. As consumers continue to eat more meals at home retail cheese sales have been relatively strong. The government is purchasing cheese under the third round of the Farm to Families Food Box program which ends on October 31st. With cheese prices above world prices it was surprising that August cheese exports were 17% higher than a year ago. Dry whey exports were 54% high than a year ago with almost all the increase contributed to China as they attempt to build back their swine herd.

Butter prices have been rather weak all year. A year ago at this time butter was over \$2 per pound. Butter has been below \$2 per pound all year being as low as \$1.15 in April and only as high as \$1.90 in June. It is now \$1.4975. But nonfat dry milk prices have improved with very strong exports. August exports were 35% higher than a year ago. Nonfat dry milk was \$1.03 per pound early September and is now \$1.1275. This will push the Class IV price from \$12.75 in September to about \$13.55 in October but still leaving more than a \$7 spread between Class III and Class IV prices.

Class III dairy futures remain strong for the remainder of the year with November at \$21.44 and December at \$19.38. Whether Class III will hold at this level is not certain, but it looks like Class III for the year will average over \$18 compared to the 2019 average of \$16.96. As we look into next year there remains a lot of uncertainty about milk prices. The level of milk production, domestic sales and exports are crucial. But so important will be how soon the COVID-19 virus slows down. Until it does restaurants will not be fully open, schools and colleges will be virtual learning rather than in person instruction. Major sports will not have audiences in the stands and major events and conferences will not be held or if they are, they maybe virtual. The COVID-19 virus is hurting not only the U.S. economy but the world economy which impacts domestic sales and exports.

Milk production continues to run at a relatively high level putting downward pressure on milk prices. USDA's report on September milk production showed milk production 2.3% higher than a year ago, the result of 0.4% more cows and 2.0% increase in milk production per cow. Milk cow numbers have been increasing since July with July up 7,000 head, August 4,000 and September 5,000. Of the 24 reporting states 16 had more milk. All the five leading dairy states that produce over half of the nation's milk production had higher milk production. Compared to last year production was up 3.2% in California, 0.7% in Wisconsin, 2.9% in Idaho, 1.4% in New York and 6.5% in Texas. Of all the states South Dakota had the largest increase at 12.3%. Other strong increases were Indiana at 9.0%, Colorado at 7.8%, and Kansas at 6.8%. There were decreases in milk production of 2.2% in Arizona, 3.7% in Florida, 5.5% in Vermont and 0.9% in New Mexico. USDA is forecasting 2021 milk production to be 1.4% higher than this year with just a 5,000 head increase in the average herd size and a 1.4% increase in milk per cow. At this level of milk production, it will take good domestic sales and exports to provide good milk prices.

As of now it seems reasonable to assume 2021 milk prices could be less volatile. Class III could be in the \$16's first half of the year, reach the \$17's in the second a half and averaging in the high \$16's or low \$17's for the year. If the COVID-19 is under control, there could be a good rally in milk prices for the second half of the year. But, this far from certain. Dairy farmers should seriously consider signing up for the Dairy Margin Coverage program for 2021.

Coffee Chats!

UW-Madison Extension hosts "Coffee Chats" a Heart of the Farm program for Women in Agriculture.

University of Wisconsin-Madison Division of Extension's Heart of the Farm-Women in Agriculture program is bringing back it's online 'Coffee Chats' series starting Monday November 9th, 2020 at 10:00a.m. and will continue the 2nd Monday of each month through March 2021 from 10:00-11:00 a.m.

The Heart of the Farm-Women in Agriculture Coffee Chat series is an Extension program that addresses the needs of farm women by providing education on farm business topics, connecting them with agricultural resources and creating support networks. Sessions will be facilitated by the University of Wisconsin-Madison Division of Extension and anyone with a web connection can register or you can call by phone. This series is partially funded by a grant from CHS Community Giving.

Jerry Apps, author and rural historian, will kickoff the series on Monday, November 9th, 2020 by giving a brief history of Wisconsin Women in Agriculture.

Register online at: <https://uwmadison.zoom.us/meeting/register/tJtceirrzkvEtfMSLLlJrhSjFMymAHHUA4>

Full Fall/Winter Schedule may be found at: [Heart of the Farm-Coffee Chats](#)

Wheat – Increased Management Intensity and Profitability

UW-Madison Extension

A FEW KERNELS:

- Integrating applications of growth regulators, micronutrients, fungicides, an increased seeding rate, and higher N rates led to increased wheat grain yield, grain test weight, and straw yield across winter wheat varieties in Wisconsin.
- One or two fungicide applications successfully reduced the incidence and severity of Fusarium head blight (FHB) and DON levels in grain. Two fungicide applications were required to successfully reduce the incidence and severity of stripe rust during the years of this study.
- While the intensified management practices require additional expenditures, the yield benefits make them profitable. Compared to the current management level, the mid-level management technique resulted in an additional \$124 per acre, and the high-level management plan resulted in an additional \$98 per acre.

For the entire article and details follow this link: https://coolbean.info/wp-content/uploads/sites/3/2020/10/2020_Wheat_IMI_FinalReview.pdf

2021 Pesticide Applicator Training

Online Training Option for Private Applicator Pesticide Certification

Farmers who need to get certified to apply pesticides in 2021 will have an online option for their pesticide safety training. People can do the online training instead of attending an in-person training at their local County Extension office. Attending this online training from the comfort of your home will be like going to a training session in person. You will need a computer and a good internet connection. The online training will present the same information as the County Extension in-person training.

You will, however, still need to take the certification exam in person at an Extension office. But the required passing grade for the exam will be the same as if you attended an in-person training session. People who choose to self-study, and not do either an in-person or online training session, need a higher grade to pass the exam.

The online training sessions are scheduled for the first two weeks of every month from December 2020 to May 2021 (the 1st to the 14th of the month). When you register for one of the sessions, you can take the training at any time during that two-week period. Please block approximately 4 hours to complete the training. Attendance is mandatory, meaning once you start the training you will have to complete it in one session. Two 15-minute breaks are built into the training. To assure attendance, code words are provided in the training that you must enter at the end to be marked as complete. You will be emailed a link and password to the training to get access.

Certification exams will take place at your County Extension office. If your Extension office is not offering the test due to COVID-19 restrictions, contact a neighboring county. Once you complete the online training you will be emailed a receipt of completion that you must show to the County Extension exam proctor when you take the exam. The code words must be correct to take advantage of the reduced grade, otherwise you will be marked as a self-study test.

To attend the training, you must purchase the latest training manual either from your County Extension Office or the UW Pesticide Applicator Training (PAT) Program then register separately for the online training at the UW PAT Store. Online training costs \$10.00. To register, go to the UW PAT Store [<https://patstore.wisc.edu/secure/default.asp>]. Select General Farming 100/101. Those wishing to get certified in Fruit Crops or Greenhouse & Nursery can take the General Farming training, but then take the exam for those categories. To find contact information for County Extension offices, go to <https://counties.extension.wisc.edu/>.

Testing and training dates for Columbia County will be published in the November/December issue of the "Ag Reporter". Watch for more details and dates soon.

[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-Madison 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.