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Dairy

U.S. dairy exports hit a high note

By CAROL RYAN DUMAS
Capital Press

The value of U.S. dairy exports from January through August reached a five-year high of nearly \$3.92 billion, up 3% from the same period in 2018.

Shipments, however, were down 13% year over year in volume with significant declines in milk powders, butterfat, whey and lactose, according to the U.S. Dairy Export Council.

"Basically, commodity prices are up and therefore value is up," Alan Levitt, USDEC vice president of marketing and communications, said.

"While world prices for milk powder are part of that, it is more a function of a very tight cheese market," he said.

Cheese exports in the first eight months of the year were up 2% in volume from a year earlier.

There are two main reasons total export value

U.S. dairy exports, Jan.-Aug.

Product	Exports (Metric tons)	2018	2019	Percent change
NDM/SMP†	503,064	428,278	-15%	
Whole milk powder*	29,114	24,938	-14	
Cheese	241,884	247,479	2	
Butterfat	28,933	16,744	-42	
Total whey	388,974	299,066	-23	
Lactose	279,147	255,197	-9	
Milk protein concentrate	20,342	22,886	13	
Food preps (blends)	42,673	34,418	-19	
Aggregate	1,534,132	1,329,007	-13	
Milk/cream (liters)	75,999	87,987	16	
Total value** (\$ millions)	\$3,812.8	\$3,918.3	3	

* USDA data adjusted to reflect shipments to Mexico misclassified as WMP.
† Nonfat dry milk/skim milk powder ** Total value does not include fluid milk.

Sources: USDEC; U.S. Census Bureau Capital Press graphics

was up despite lower volumes of most products, William Loux, USDEC global trade analyst, said.

"Prices were more favorable in several of our key commodities than in the beginning of 2018," he said.

For example, the average export value of skim milk powder January through August was \$0.83

a pound in 2018 compared

to \$1.04 in 2019, he said.

"So even as we export less of it, the value grows," he said.

The other reason is cheese has the highest value per unit of products the U.S. exports in large quantities, he said.

"So growing cheese grows our export value at a greater rate than SMP (skim milk powder) whey and lactose," he said.

Higher value in dairy exports doesn't necessarily correlate to higher farm gate prices. But milk prices are rising as nonfat dry milk and cheese prices have steadily climbed over the past couple of months, he said.

"We're not looking at 2014 prices, but it's much improved from where we were. U.S. farm gate milk prices are currently at a 56-month high," he said.

In its latest report, USDEC said strong domestic markets have been keeping more U.S. cheese at home.

Since posting record export volume in March, cheese exports declined five months in a row compared to the previous month.

In August, cheese exports were 6% below a year earlier in volume, with lower exports to Australia, Japan and South Korea — although sales to Southeast Asia were near record highs.

Export volumes of other products showed even larger declines in August, USDEC reported.

Nonfat dry milk/skim milk powder volumes were down 18%, with significant declines to Mexico, the Philippines and China.

Total whey shipments were off 21%, with nearly all the decline from lost sales to China due to retaliatory tariffs and lower pig feed demand because of African swine fever. Whey protein isolate shipments, however, were up 9% led by improved sales to the EU, Southeast Asia and South Korea.

Lactose shipments fell 9%, with large declines in sales to China, New Zealand and Japan.

Shipments of whole milk powder — which was less than 4% of total exported dairy product — spiked to more than double a year earlier on strong sales to Algeria, Colombia and Peru.

DAIRY MARKETS

Lee Mielke



Barrel cheese prices top \$2

By LEE MIELKE
For the Capital Press

Cash cheese prices shot higher the second week of October, though traders are skeptical. FC Stone stated in its Oct. 10 Early Morning Update, "Logic and reason do not drive these markets. Greed and fear do."

Block Cheddar climbed to \$2.12 per pound last Thursday but closed Friday at \$2.10, up 10.75 cents on the week and 49 cents above a year ago.

The barrels finished at \$2.0225, up 23.25 cents on the week and 66.25 cents above a year ago. Last time barrels topped \$2 was Nov. 10, 2014, and that was at \$2.12 per pound. The spread narrowed to 7.75 cents.

The blocks fell 2.75 cents on Columbus Day and lost another 1.75 cents Tuesday, falling to \$2.0550, as traders mused on the confusing accounts of trade negotiations between the U.S. and China and weighed the morning's Global Dairy Trade auction.

The barrels inched up a quarter-cent Monday and stayed there Tuesday at \$2.0250, but a normal spread was set at 3 cents.

2020 enrollment for Dairy Margin Coverage underway

By CAROL RYAN DUMAS
Capital Press

Dairy farmers have until Dec. 13 to enroll in the Dairy Margin Coverage program for 2020.

Administered by USDA, the program helps producers manage

economic risk brought on by milk price and feed cost disparities.

DMC offers reasonably priced protection to dairy producers when the difference between the all-milk price and the average feed cost — called the margin — falls below a certain dollar amount selected by

the producer.

Dairy farmers have received more than \$300 million through the program in 2019 so far, according to USDA Farm Service Agency.

All producers who want 2020 coverage, even those who locked in the coverage level for five years in

2019, are required to visit an FSA office during the signup period to pay the annual administrative fee.

For more information and to take advantage of an online dairy decision tool that assists producers in selecting coverage for 2020, visit www.fsa.usda.gov.

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California FFA Needs Your Help

California FFA wants to buy a "CalAgPlate" for your automobile!

The California Agricultural License Plate program started in 2014, and since its inception over \$2 million has been raised for agricultural education.

The program, sponsored by the California Department of Food and Agriculture (CDFA), distributes 99 cents of every dollar generated by the program in the form of grants to agricultural education organizations. Recipients of these grants have been organizations such as California Agriculture in the Classroom, California State Fair Farm Tours, Madera District Fair, Enrich LA, and the California FFA.

At its conception, the program needed 7,500 plates to be sanctioned by the Department of Motor Vehicles. The vast majority of those plates were put on the road by the efforts of students and teachers of the California FFA.

Currently, the program is in danger of being cancelled unless an additional 3,100 plates are put on the road. California FFA and the agricultural community at large are being called to action to continue this program.

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www.CalAgEd.org/CalAgPlate

To meet this goal the California FFA will purchase a CalAgPlate for the first 3,500 vehicle owners who want to support agricultural education in California by placing a plate on their vehicle. Visit: <https://www.calaged.org/calagplate> for the registration form. Once the form is complete mail it to the California FFA at P.O. Box 186, Galt California, 95632. Questions? Call (209) 744-1600.

"I believe in the future of agriculture, with a faith born not of words but of deeds...." Those words, as written by E.M. Tiffany, serve as the official FFA Creed and are taught to every freshman enrolled in an entry level agriculture course. Despite being 80 years old, the FFA Creed still holds true today as the agriculture community has proven once again their deeds will make our future brighter.

We are being called on to support the future of agriculture through our deeds, please sign up for your CalAgPlate today!

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