To All Ag Reporter Email Recipients:

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Happy Earth Day!! ~ April 22nd

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58 Farms in WI to lose their milk processor May 1

During a webinar this morning between UW-Extension and DATCP Farm Center it was noted that 47 of the 58 farms in WI that were dropped by Grassland Dairy Products Inc are still looking for a processor to pick up their milk as of May 1. These 47 farms account for about ½ of the volume of milk that is in question. DATCP has been working with UW-Extension, other processors, lenders, and farmers to facilitate a solution to this situation. Some farmers who are looking for a milk processor have contacted over 100 milk processors to find another market for their milk without success.

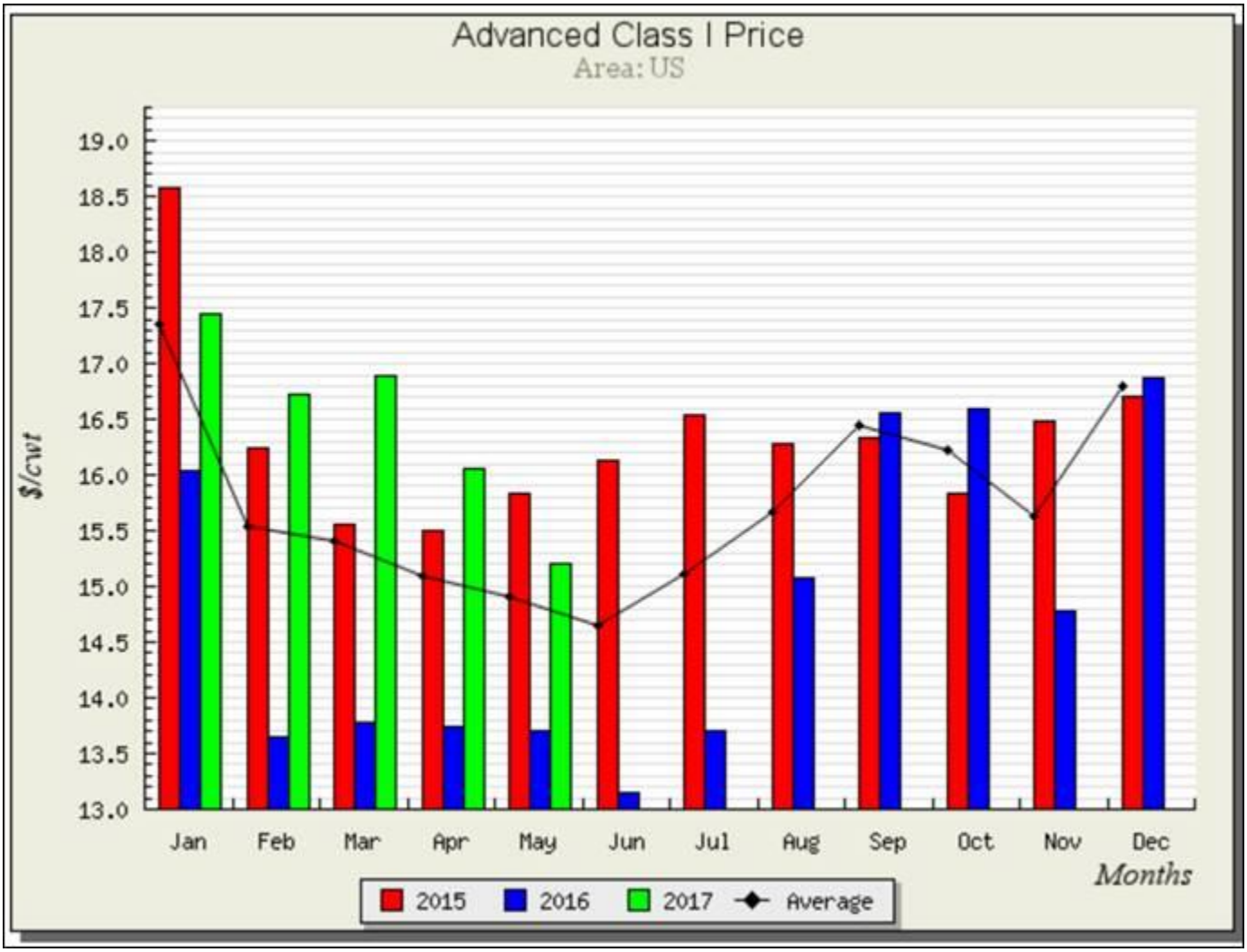
This is the first time that any of us can remember that dairy farmers have had such a challenge finding someone to purchase their milk. We are seeing stocks of American Cheese and Butter in storage growing, along with uncertainty of sales of powdered milk and whey to foreign countries, and WI milk processing plants operating at full capacity are all adding to the challenge of this situation. Adding to this, producers in WI are milking more cows and the pounds of milk per cow per day has been increasing.

DATCP and UW-Extension will continue to work with affected farmers to help them through this situation. Please feel free to contact WDATCP Farm Center or your local UW-Extension office if you have questions.

May Milk Prices

The May Base Class I price was released yesterday by USDA to be $15.20 . This represents an $0.85 ↓ from the April value and a $1.50 ↑ from May 2016. The commodity prices used in this calculation are shown

below. The Advanced Class III skim value was the mover of the Class I price. This represents the 9th consecutive month that the Advanced Class III skim value was greater than the Advanced Class IV skim value.



Announcement of Advanced Prices and Pricing Factors for May 2017		
Base Class I Price:	15.20	(per hundredweight)
Base Skim Milk Price for Class I:	7.14	(per hundredweight)
Advanced Class III Skim Milk Pricing Factor:	7.14	(per hundredweight)
Advanced Class IV Skim Milk Pricing Factor:	5.90	(per hundredweight)
Advanced Butterfat Pricing Factor:	2.3736	(per pound)
Class II Skim Milk Price:	6.60	(per hundredweight)
Class II Nonfat Solids Price:	0.7333	(per pound)
Two-week Product Price Averages:		
Butter	2.1315	(per pound)
Nonfat Dry Milk	0.8294	(per pound)
Cheese	1.4884	(per pound)
Dry Whey	0.5315	(per pound)

Brian W. Gould
Professor
Department of Agricultural and Applied Economics
and University of Wisconsin-Extension

Dairy Situation and Outlook

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

Milk prices have been trending downward since last December and will likely continue through May. The Class III price was $17.40 last December, fell to $16.77 in January and was $15.81 in March. April should be around $15.15 and May at $15 or a little below $15. Prices should start to trend upward again by June. This pricing pattern is not unusual. After strong seasonal sales of butter and cheese during Thanksgiving through Christmas sales soften, and at the same time milk production starts to increase seasonally. Then as we move into summer milk production slows, by September schools open increasing beverage milk sales and by fall milk plants and buyers of cheese and butter start building stocks to again meet the strong seasonal sales.

Dairy product prices, with the exception for dry whey have fallen since last December. On the CME December butter averaged $2.1763 per pound and is now $2.0675. Cheddar barrels averaged $1.6132 per pound and are now $1.3825, and 40-pound blocks averaged $1.7335 and are now $1.475. Nonfat dry milk averaged $1.0019 per pound and is now $0.8475. However, dry whey averaged $0.3844 per pound in December and has increased to $0.495 giving some strength to the Class III price.

First quarter sales of butter and cheese have soften some from a year ago, but are expected to show growth for the year. For the nine months from last June through February dairy exports have improved over a year earlier. February exports were the highest since May of 2015. Milk production has been lower than a year ago in major dairy exporters with the exception of the U.S. World demand has picked up with China, Mexico and others increasing their imports. With a tighter world supply demand situation world dairy product prices have increased making U.S. dairy products more competitive. Compared to February a year ago, exports increased 26% for nonfat dry milk/skim milk powder, 8% for cheese, 22% for total whey products, but were 55% lower for butterfat and 5% lower for lactose. On a total solids basis February exports were equivalent to 14.8% of milk production compared to 13.4% a year ago.

With relatively strong milk production stocks of dairy products have been building putting downward pressure on prices. Butter stocks grew by 27.6% January to February with February stocks 20% higher than a year ago. Natural American cheese stocks grew by 2.9% January to February as did total cheese stocks, and February stocks were 8.1% and 6.4% higher respectively than a year ago.

Milk production continues to run well above a year ago, but the increase is slowing. USDA's milk production report shows March milk production up 1.7% from a year ago compared to an increase of 2.6% for January. March cow numbers were 15,000 head higher than February and 0.6% higher than a year ago. The lower increase in March milk production was due to a slower increase in milk per cow. Milk per cow which was 1.9% higher than the previous year in January was up just 1.1% in March.

Both California and Idaho experienced lower milk production than a year ago of 2.9% and 1.0% respectively. Idaho actually had 7,000 more cows but 2.2 percent less milk per cow netting the 1 percent less milk production. New Mexico and Texas had the highest relative increase in milk production of 9.0% and 16.4% respectively. Colorado and Kansas also had relatively high increases of 7.3% and 6.6% respectively. Milk production was up 3.6% in New York, 3.0% in Pennsylvania, 3.5% in Michigan, 3.7% in South Dakota, 1.9% in Iowa, 2.3% in Minnesota and 1.5% in Wisconsin.

Milk production is expected to continue to run higher than a year ago. USDA is forecasting 2017 milk production to be 2.3% higher than last year. But, with expected growth in butter and cheese sales along with continued improved dairy exports milk prices are forecasted to increase starting with the month of June. While reduced some from earlier in the year milk prices are expected to average for the year higher than last year. The Class III price could be back to about $15.35 by June, in the $16's by July with the $17's possible by September giving an average for the year around $16.35 compared to $14.87 last year. Some price forecasters have a possible Class III of $18 by August. However, Class III futures do not reach the $16's until August and stay below $17 for the remainder of the year giving an average for the year of about $16.10. USDA forecasts Class III to average between $16.10 and $16.60. No doubt as we move through the year and observe the actual level of milk production, dairy product sales and exports price forecasts will be revised, and that could be higher or lower than now forecasted. It doesn't take big changes to result in changes in milk prices.

Wisconsin Crop Manager Articles

To view all of the articles compiled into one PDF file follow this link: **http://bit.ly/2pWWbNq**

Follow these links to view the individual articles below:

What's Standing Alfalfa Worth
http://bit.ly/2orunjQ

The Seed Variety Database is Now Live
http://bit.ly/2owsEMQ

Cutting Alfalfa Very Frequently
http://bit.ly/2owqNaC

Hay Desiccants and Preservatives
http://bit.ly/2nKaubr

Planting Date and Maturity Group Considers Moving to a Potentially Early Spring 2017
http://bit.ly/2p1qyG0

Wisconsin Fruit News, Issue 1
http://bit.ly/2pIDdO1

UW-Madison/Extension Plant Disease Diagnostic Clinic (PDDC) Update
http://bit.ly/2oruhsu

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@ces.uwex.edu.