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July 2019

GEORGIAMILKREVIEW

GA DAIRIES LOCATED IN HURRICANE MICHEAL DISASTER ZONE SHOULD PRE-PARE DOCUMENTATION QUICKLY TO APPLY FOR DISASTER AID



The Georgia Disaster Recovery Task Force, led by Commissioner Gary Black, is working diligently to ensure that Georgia farms impacted by Hurricane Michael will receive aid under USDA's WHIP program and special state block grants for each commodity (including dairy).

Georgia dairy farms located in the FEMA disaster area should prepare documentation immediately. Once USDA and the GA Department of Agriculture earmark aid for each commodity, the sign-up period will begin. The signup period will only be for 15 days in order to rush payments to producers desperately needing to plant, harvest and repair damaged property. Please feel free to contact our office with any questions at 706-207-0168.

SAVE THE DATE

Online Registration is now open for the 2020 GA Dairy Conference at www.gadairyconference.com





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New Leadership Selected for Georgia Milk Producers and GA ACCM

As the old saying goes, "change is inevitable". Everyone knows this and accepts it as a necessary part of life. However that does not make it easy when it comes to changes in board representation. Georgia Milk Producers (GMP) and Georgia Agricultural Commodity Commission for Milk (ACCM) are associations that rely heavily on board members to provide the direction each organization takes to remain viable to Georgia's dairy farmers.

This spring, both chairmen for GMP and ACCM determined it was time to focus more on their families and their dairy operations and decided not to seek re-election as officers of their respective boards. Those board members; Everett Williams from Madison and Tim Camp from Eatonton, are due a well-deserved thank you from the Georgia dairy community and our allied industry partners. Both will continue to serve on their boards as directors.

Everett Williams, his wife, Carol, and their sons own and operate WDairy, LLC in Madison. New technologies and best management practices have allowed the Williams family to grow the productivity of their herd while making it a model for stewardship and sustainability. Williams has served as the President of Georgia Milk Producers, Inc. since 2009. While as President, GMP served as a strong advocate for Georgia's dairy farm families. GMP helped to eliminate state TB testing, secure funding for key positions and programs at UGA, expand the GA Dairy Conference, form the GA Dairy Youth Foundation and much more.

Tim Camp, his son and his father, Warren, own and operate T & W Farms and JLW Trucking in Eatonton. Camp has served as Chairman of the Georgia Agricultural Commodity Commission for Milk for close to a decade. Under his leadership, GA ACCM developed the Mobile Dairy Classroom program and the *Milk On My Mind* campaign, as well as numerous projects promoting milk and educating consumers through The Dairy Alliance.



Jason Martin GMP President

The GMP Board of Directors recently elected Jason Martin of Bowersville as the new President of Georgia Milk Producers In June. Dr. Paul Johnson of Climax was selected as Chairman of Georgia ACCM.

We welcome Jason and Paul as our new chairmen and are excited to have them leading our key dairy organizations in Georgia. Next month, our newsletter will highlight the newly elected leaders and provide insight on their goals for both dairy state organizations.



Dr. Paul Johnson GA ACCM Chairman

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Corn Silage Harvest Decisions and Forage Quality

Dr. John K. Bernard, Dairy Nutrition and Management,, University of Georgia

Corn is ready to be harvested, stored, fermented, and then fed. The decisions made related to harvest affect the actual nutrient content of the silage. The very best hybrids grown to perfection will not feed well if mistakes are made during harvest or storage.

Corn should ideally be harvested when reaches 35% dry matter, but the key is to make sure it contains more than 30% DM and before it reaches 40% DM. Higher moisture can lead to poor fermentation and increase loss of soluble nutrients through runoff.

Too dry and the corn will not pack as well resulting in prolonged aerobic fermentation which uses up more soluble carbohydrates reducing the energy content of the silage.



Increasing the cutting height reduces potential nitrates and increases the energy content of the silage, but there is the loss of yield. If you have plenty of corn, increasing the cutting height can be a good decision as the grain (starch) content will be higher and fiber (NDF) will be lower. Research we conducted several years ago did not result in an advantage when corn was cut at 4 inches or 12 inches above ground, but a lot has changed since that initial work. Today's newer silage choppers

allow corn to be harvested at heights up to 36 inches. The correct height is a balance between the need to tons of silage needed for feeding your herd and the nutrient concentrated needed to compliment other forages.

Almost all new silage choppers are equipped with a kernel processor. Kernel processors should be set to crush the grain and not leave any whole kernels. You should check the processing and made adjustments as needed to make sure it is working properly. A kernel processing score indicated how much starch goes through a 4.25 mm screen. An excellence score is considered to be above 70% and an adequate score is 50 to 70%. Researchers at the University of Wisconsin developed a quick screening method for checking on site by placing a sample in water to separate the forage from the grain. The details for doing this is illustrated at: www.uwex.edu/ces/crops/uwforage/KernelProcessing-FOF.pdf.

One of the most common mistakes related to preserving the nutrients in corn harvested for silage is not packing tightly or covering quickly. These are the two most important jobs associated with silage production. Silage should be layered and packed to a density of at least 15 lbs. DM/cubic foot. More is better. Some producers now use vibrating rollers like you seen packing asphalt, but a properly weighted tractor will work as well. The capacity of new forage harvesters often exceeds that of packing, so adjusting delivery rate to match the packing rate is key to success. As soon as all of the silage has been chopped and packed, the material should be covered with plastic. A sheet of oxygen impermeable plastic covered with one or more layers of traditional silage plastic will keep the air (and rain) out which helps speed up anaerobic fermentation and preserve nutrients. The plastic should have enough lap (2-3 feet minimum) to prevent oxygen or rain from entering the pile. The plastic should be weighted down with tires, rock filled bags, or other material to keep it firmly on the pile.

When properly harvested and stored, corn can be preserved with minimal losses for many months. Remembering these key points will help preserve the nutrients in the plant and the silage can be fed to support milk yield or body weight gain of heifers. With higher corn prices this fall, it is important to preserve all of the nutrients possible.



USDA Now Making Payments for New Dairy Margin Coverage Program

The U.S. Department of Agriculture's Farm Service Agency (FSA) opened enrollment for the Dairy Margin Coverage (DMC) program on June 17 and has started issuing payments to producers who purchased coverage. Producers can enroll through Sept. 20, 2019.

"Times have been especially tough for dairy farmers, and while we hope producers' margins will increase, the Dairy Margin Coverage program is providing support at a critical time for many in the industry," said Bill Northey, USDA Under Secretary for Farm Production and Conservation. "With lower premiums and higher levels of assistance than previous programs, DMC is already proving to be a good option for a lot of dairy producers across the country. USDA is committed to efficiently implementing the safety net programs in the 2018 Farm Bill and helping producers deal with the challenges of the ever-changing farm economy."

Authorized by the 2018 Farm Bill, DMC replaces the Margin Protection Program for Dairy (MPP-Dairy). The program offers 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. To date, nearly 10,000 operations have signed up for the new program, and FSA has begun paying approximately \$100 million to producers for January through May.

May Margin Payment - DMC provides coverage retroactive to January 1, 2019, with applicable payments following soon after enrollment.

The May 2019 income over feed cost margin was \$9.00 per hundredweight (cwt.), triggering the fifth payment for eligible dairy producers who purchase the \$9.50 level of coverage under DMC. Payments for January, February, March and April also were triggered.

With the 50 percent hay blend, FSA's revised April 2019 income over feed cost margin is \$8.82 per cwt. The revised margins for January, February and March are, respectively, \$7.71, \$7.91 and \$8.66.

Coverage Levels and MPP Reimbursements - Dairy producers can choose coverage levels from \$4 up to \$9.50 at the time of signup. More than 98 percent of the producers currently enrolled have elected \$9.50 coverage on up to 95 percent of their production history.

Month	Corn (\$/bu)	Blended Alfalfa Hay (\$/ton)	Soybean Meal (\$/ton)	All Milk (\$/cwt)	Final Feed Costs for DMC(\$/cwt)	Milk Margin Above Feed Costs for DMC(\$/cwt)
January	3.56	201.00	314.92	16.60	8.89	7.71
February	3.60	202.50	306.83	16.80	8.89	7.91
March	3.61	198.50	306.38	17.50	8.84	8.66
April	3.52	209.00	304.26	17.70	8.88	8.82
May	3.63	213.00	297.52	18.00	9.00	9.00

^{*}At a milk margin minus feed costs of \$9.50 or less, payments are possible depending on the level of coverage chosen by the dairy producer.

For producers waiting to make DMC decisions – or those who might want to change their initial selection – the USDA partnered with the University of Wisconsin to develop a <u>DMC decision support tool</u>, which can be used to evaluate various coverage levels and premium costs. For additional information, contact your local USDA service center.

State Associations Meet in St. Paul

Georgia Milk Producers would like to thank the National Milk Producers Federation for the invitation to attend the first State Dairy Associations Summit this month in St. Paul, Minnesota. Over 20 state dairy trade associations met with the goal to exchange information on national policy activities and to solicit ideas to further collaboration in the future. The attendance totaled nearly 50 people from all across the country. NMPF said the meeting illustrated the importance of engaging at the grass-roots level across the dairy sector, particularly as policy challenges multiply and have become less regional. GMP looks forward to attending more meetings in the future and hopes to work in partnership on issues that impact all dairy farm families.



Dixie Dairy Report - July 2019

Calvin Covington

Most indicators point to stronger milk prices for the half of 2019. Beginning with supply, May, month over month milk production, is down 0.4%. For the year-to-date production is flat. Cow numbers increased 5,000 head in April, but are 89,000 head less than last May. May per cow milk production was 12 lbs. higher than a year ago. For the 24 reporting milk states, Georgia is a new reporting state, production was up in ten states, no change in two states, and down in the remaining twelve states. Texas continues to lead the country in milk production growth, up 5.4%. California was up 1.3%, due to a 30 lb. increase in milk per cow. Production was down 0.4% in Wisconsin. Continuing strong dairy cow slaughter (up 5.6% through May), many dairy farms continuing to leave the business, challenges in getting crops in the ground and harvesting forage, point to little or no production increases for the last half of the year.

<u>\$</u>	Southeast Reporting States - May to May Milk Production					
	Georgia	Florida	Virginia	Total		
(Production)	(million lbs.)					
May 2019	156	212	133	501		
May 2018	156	223	148	527		
Change %	0.0%	-4.9%	-10.1%	-4.9%		
(Cows)	(1,000 head)					
May 2019	83	115	76	274		
May 2018	83	122	84	289		
Difference	0	-7,000	-8,000	-15,000		

Turning to the Southeast, combined May to May milk production in the three southeast reporting states is down 4.9%. These three states produce about 65% of the milk in the ten southeastern states. Georgia production is flat, but production in Florida and Virginia is down 4.9% and 10.1%, respectively. Milk production declines in Florida and Virginia are due to fewer cows. As a result the potential for milk production rebounding in Florida and Virginia, in the short term, is not likely.

<u>Demand.</u> On the demand side through April, both domestic and export demand combined on a total solids basis, is down 0.25% compared to a year ago. Separately, domestic demand is up a strong 2.8% while exports are 15.6% lower. Granted, much attention and effort is directed towards exports. However, due to higher revenue from a pound of milk solids sold domestically, versus exported; strong domestic demand is putting many more dollars in dairy farmers milk checks and easily offsetting lower exports.

DAIRY PRODUCTS SALES REPORT PRICES and CLASS I MOVER Butter \$2,3663 \$2,2952 \$2,4065 Cheese (block & barrel) \$1.6910 \$1.6974 \$1.6150 \$1.6293 Nonfat Dry Milk Powder \$1.0431 \$1.0149 \$0.8150 \$0.9137 \$0.3784 \$0.4917 \$0.3643 \$0.3086 July 2019 June 2019 July 2018 July 2017 Class I Mover (3.5% fat) \$17.18 \$17.07 \$15.36 \$16.59 \$13.31 \$13.35 \$11.45 \$12.61 Class I Mover (2.0% fat)

May was a challenging month for fluid milk demand in the three southeastern orders. Producer milk utilized in Class I was 5.6% lower than May 2018. This is almost a decline of 1.5 million lbs. of milk per day. On the other hand total producer milk was down 4.6%. With Class I declining more than producer milk, the combined May Class I utilization was 70.1% compared to 70.8% a year ago. Most of the Class I decline was in the Appalachian and Southeast orders Another indicator supporting higher milk prices are inventories. At the end of April the butter inventory is 7% lower than last April, and American cheese inventory 2% lower. Even with lower exports, the nonfat dry milk powder inventory is only up 4%.

<u>Prices.</u> June saw nonfat dry milk powder (NFDM) continue its upward movement. The June NFDM price was the highest monthly average since 2014. A lower barrel price kept the cheese price steady in June, however, barrels have recovered and the July cheese price should be higher than June. The butter price continues to remain in a narrow range.

PROJECTED BLEND PRICES-BASE ZONES -SOUTHEASTERN FEDERAL ORDERS							
Month	<u>Appalachian</u>	<u>Florida</u>	Southeast				
		(\$ /cwt. 3.5% butterfat))				
May 2019 (actual)	\$18.93	\$21.13	\$19.24				
June	\$19.71	\$21.58	\$19.90				
July	\$19.73	\$21.66	\$20.30				
August	\$20.38	\$22.34	\$20.90				
September	\$20.52	\$22.54	\$21.17				

Blend prices. We continue to increase our blend price projections for the last of the year. Currently, we project 2019 blend prices to average about \$2.00/cwt. higher than 2018. Unlike recent years where almost of the price increase was on butterfat, this increase will be on the skim.

ВЕТИВИ SERVICE REQUESTED