

MILKLINE

NEWSLETTER



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Raising a Glass of Milk to You



In the hustle and bustle of our everyday lives, we sometimes forget to recognize the good work being done. This is particularly true when it comes to dairy farmers' dedication to producing quality milk.

Recently, Hoard's Dairyman published an article titled, 'U.S. Milk Supply Gets Safer Every Year.' The article's author, Hoard's Managing Editor Corey Geiger, explained how only 536 samples from a total of nearly 3.9 million in the last fiscal year (FY20, Oct. 1, 2019-Sept. 30, 2020) tested positive for animal drug residue. This set a new industry record at 0.001%.

The data for the report comes from the National Milk Drug Residue Database, and the entire system dates back to 1994. The system's testing mechanism includes all Grade A milk, which now represents 99% of the U.S. milk supply.

Additionally, he mentioned that "not only was the 536 out of 3,870,695 samples the lowest positive test rate in the history of the program, this was the third consecutive fiscal year that fewer than 600 milk samples tested positive for a drug residue. It's also the ninth straight year that fewer than 1,000 samples tested positive for a drug residue."

This certainly doesn't surprise us, knowing first-hand the requirements asked of you in managing all aspects of your dairy farm. Yet, we believe it is important to share this new record the industry has set and give credit where credit is due.

Another way to quantify the need for exceptional milk quality is the growing amount of high-quality craft specialty cheese that is being produced. According to Dairy Farmers of Wisconsin, dairy farmers in the state produce more than 50% of the nation's specialty cheese, and as cheesemakers profess, you need high-quality milk to make high-quality cheese.

Before the milk ever leaves the farm, the quality begins with your raising and caring of your animals. While consumers and processors are reassured by Farmers Assuring Responsible Management (FARM) certifications, you know the relationship that quality animal care has on milk production, and the positive role it plays in the amount of milk produced and its quality.

And we can't forget that you are always in pursuit to produce and procure high-quality feed for your animals. One cannot expect top performance from mediocre fuel.

During our 2021 virtual annual meeting, President John Rettler stated, "farmers are incredibly resilient and strong through all the challenges we're faced

"When so often others hide from responsibility or shy away from challenges that just feel too great, dairy farmers get to work."

with. When so often others hide away from responsibility or shy away from challenges that just feel too great, dairy farmers do not have the option to avoid it. Instead, we buckle down and get to work."

And that's what you have done and continue to do even better. Improving management practices, including cow care and comfort, milk production, and milk quality.

We all benefit from your unwavering commitment to producing quality milk that creates delicious dairy products that so many enjoy without reservation, here in the U.S. and across the globe. That is no coincidence, and your hard work does not go unnoticed.

From the staff at FarmFirst, we raise our glass to you for your commitment to quality and thank you for being a part of this industry. 🥂

*Article by Julie Sweney
 FarmFirst Dairy Cooperative*

Dedicated to serving and representing you, our family farm members, FarmFirst Dairy Cooperative represents farms in Wisconsin, Minnesota, South Dakota, Michigan, Iowa, Illinois and Indiana through policy advocacy, dairy marketing services, laboratory testing opportunities and industry promotion.

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A Message of Resiliency, Perseverance Received at FarmFirst Virtual Meeting



Resiliency and perseverance was the message that FarmFirst Dairy Cooperative President John Rettler delivered in his remarks to delegates during the cooperative's virtual annual meeting held on Friday, February 12.

"This past year, businesses closed their doors. Restaurants, bars, and schools closed to prevent the

spread, but we still kept plugging away, keeping up on our work and keeping our milk house doors open for the milk truck to arrive," said Rettler. "We all are well aware of our dedication, but sometimes it deserves special recognition – especially during a pandemic."

Rettler shared his optimism for the future, noting that such a challenging experience such as the COVID-19 pandemic certainly reminds us of the value our family and friends. He pointed out that in addition to dairy farmers, cheesemakers, truck drivers, and everyone in between also need to be recognized as consumers came to realize that those in food production are essential in keeping food available and stocked in grocery stores.

Delegates reviewed current and proposed amendments to the cooperative's public policy. They reaffirmed their support for the Dairy Margin Coverage (DMC) program and changes to further enhance the program. With respect to Federal Milk Marketing Orders, the delegates approved policy to address negative Producer Price Differentials, among other federal order issues.

With respect to international trade policy, delegates further emphasized their support for fair trade agreements and added their opposition to agreements that sacrifice dairy interests for gains by other U.S. industries or ag commodities.


General Manager Jeff Lyon commended members for their continuous hard work in spite of the pandemic, reiterating the cooperative's commitment to supporting dairy farmers through improved dairy policies and strong advocacy. He noted of the challenges faced across the industry, creating dramatic shifts in consumer demand to the retail space. While the cooperative's milk marketing division managed to find a home for all of its milk, some were not so lucky.

"The obstacles we faced in 2020 took on many forms. In many instances, our hard work paid off. Yet, we cannot rest on our laurels," said Lyon. "With the pandemic still not under control and restaurant and food service institutions still not running at full capacity, there is concern on the growing gap between milk production and demand. We cannot eat our way out of this. Thankfully, our export markets have been strong to absorb much of the milk being produced. Our attention will continue to focus on expanding current U.S. trade."

Lyon also shared how FarmFirst was successful in addressing the hardships faced by dairy farmers through the pandemic by securing more than \$2.8 billion in direct financial assistance to dairy farmers through the first and second Coronavirus Food Assistance Programs (CFAP), \$1.25 billion through the Farmers to Families Food Box programs as well as additional dairy product purchases under purchase programs including USDA's Section 32 program. The Dairy Margin Coverage (DMC) program also buoyed farm income for those enrolled with more than \$200 million in payments. In total of all these programs, more than \$4.89 million was disbursed to dairy farmers in 2020.

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FarmFirst Supports Bipartisan Legislation Introduced to Alleviate Feed Shortages for Farmers Through Flexibility on Prevented Plant Acres

On February 24, U.S. Senators Tammy Baldwin (D-WI) and John Hoeven (R-ND) introduced the Feed Emergency Enhancement During Disasters with Cover Crops (FEEDD) Act, bipartisan legislation to provide farmers and ranchers with additional flexibility to alleviate feed shortages in years with widespread excessive moisture, flooding or drought.

Specifically, the bill would:

- Create an emergency waiver authority for the Secretary of Agriculture to allow for haying, grazing, or chopping of a cover crop on prevented plant acres before November 1 in the event of a feed shortage due to excessive moisture, flood, or drought.
 - Under this waiver, producers would not see a reduction of their crop insurance indemnity.
- Direct the Secretary to establish regional haying and grazing dates for each crop year.
 - The current date, November 1, is set on a nationwide basis and disadvantages producers in the upper Midwest.
 - This would provide flexibility for the Secretary to move up the haying and grazing date for states in northern U.S.
- Maintain crop insurance program integrity and will have no impact on a producers' Actual Production History (APH).

"In Wisconsin, when farmers lose a crop to flooding, drought, or

other extreme weather events, they are left with tough choices about how to make up for crop losses and protect their soil from erosion," said Senator Baldwin. "This bipartisan legislation will give farmers more

certainty about their feed options in disaster years. By reducing uncertainty for farmers, we're working to ease one of the headaches they face when deciding about putting in cover crops, which will benefit soil health on the farm and water quality in our communities."

Representatives Dusty Johnson (R-SD) and Angie Craig (D-MN) are introducing companion legislation in the House of Representatives. Both bills are supported by numerous farm and commodity organizations.

"FarmFirst applauds the leadership of Senator Baldwin and Representatives John and Craig and support of farmers in managing their farm more fully without program restrictions. The introduction of the FEEDD Act showcases support from both sides of the aisle to provide farmers the flexibility needed to manage their cropping decisions in the event of adverse growing conditions. Placing the tools and resources directly in the hands of farmers is the best way to equip them for success and making this a permanent piece of legislation is a step in the right direction," said Jeff Lyon, General Manager of FarmFirst. 🇺🇸



Questionable Shipping Practices Prompt Industry Action

Several organizations lead by the National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC) pressed on the Federal Maritime Commission to help address severe shipping-related challenges plaguing dairy and other U.S. agricultural sectors. FarmFirst first reported on these issues being faced by dairy exporters in our nation's ports in last month's issue of the *MilkLine*.

A shift in U.S. consumer preferences for stay-at-home goods has led to a surge in imports from Asia, driving up container demand around the Pacific Rim. Meanwhile, several agricultural exporters, including U.S. dairy, are struggling with cancelled shipments, exorbitant detention and demurrage charges, and broken contracts as shipping companies are moving containers and vessels quickly back to Asia. Freight costs are netting 20 to 30 times more from Asia to the U.S. than vice versa and carriers are restricting availability of containers to rural points of origin in the interior U.S., preferring coastal drop-off and pickup.

In multiple meetings with maritime commissioners in February, the urgency to step-up regulatory compliance was stressed on behalf of agriculture in addition to encouraging commissioners to explore ways to address the container shortage issues. FarmFirst will continue to monitor export activity and these issues faced at our nation's ports. 🇺🇸

How A Trade Decision on Blueberries Removes a Threat on U.S. Dairy



The US International Trade Commission (ITC) unanimously voted Feb. 11 to reject import restrictions on blueberries from Mexico, Canada, Argentina, Chile and Peru, ending the threat of retaliatory tariffs against U.S. dairy exports.

In testimony before USTR in August, NMPF Senior Vice President Jaime Castaneda urged the commission to avoid putting U.S. dairy producers again in the crosshairs of a trade dispute with Mexico. Per U.S. census data, over \$1.4 billion of U.S. dairy products were sold to Mexico in 2020 – a market that would be at risk if tariffs on blueberry imports from Mexico are imposed.

FarmFirst's policy states that trade agreements must not sacrifice dairy interests for gains by other U.S. industry or agricultural commodities, and joined an industry-led effort requesting the U.S. Trade Representative (USTR) opposing limitations on blueberry imports. This broader coalition effort also secured a bipartisan, bicameral Congressional letter arguing against action that would invite subsequent retaliation against U.S. agricultural exports. 🇺🇸

A Message of Resiliency, Perseverance Received at FarmFirst Virtual Meeting *(Continued from Page 2)*

Lyon noted that the cooperative is in very good financial condition with all three divisions of the cooperative; Family Dairies USA, Fox Valley Quality Control Lab, and Member Services were profitable. Lyon shared his gratitude to the cooperative's staff and their role in keeping the cooperative's divisions open and operating, both safely and smoothly during the pandemic.

Looking to 2021, Lyon expressed optimism in building off the progress made in the past year, particularly on trade policy, FDA enforcement of labeling regulations and USDA advancing formal recognition in the positive role dairy products play in a healthy diet.

"Political dynamics and legislative priorities are always evolving, which is why FarmFirst is keeping a vigilant eye on these issues. Climate change, tax policy and ag labor come to mind. Others specific to milk pricing include federal order reform, negative PPDs, Class I price mover, the block/barrel price spread and oversight of CME price discovery," said Lyon. "Now is the time for FarmFirst and our partners in Washington, D.C. to ensure our elected officials know the challenges facing the dairy industry and get things done for you."



Jeff Schwager, CEO of Sartori Cheese, Plymouth, WI joined members to discuss various trade issues and the value of quality trade agreements in supporting the dairy industry.

Schwager, whose company exports their award-winning cheeses around the world, emphasized the dramatic impact that common cheese names and geographical indicators can have on the ability for a

Wisconsin-based cheese company like Sartori to sell their cheese in countries that are looking to protect market share.

"Because of trade barriers existing in Europe, we had to come up with a new variety of cheese, which is how BellaVitano was

created," said Schwager. "The Europeans are working quicker than the U.S. is currently to get new free trade agreements in place, which is diminishing available markets to U.S. cheese exporters like Sartori. A cheese like parmesan cannot be sold in Mexico labeled as parmesan due to these trade barriers. The U.S. can label U.S.-made parmesan cheese under the Spanish name, *parmesana*, however, in that market, these cheeses are looked at being inferior and of lower quality."

Schwager pointed out additional global market barriers that are restricting U.S. cheesemakers to market their cheese effectively and competitively in certain countries.

"China and Europe have retaliatory tariffs in place today. As an example, Europe placed a retaliatory tariff of 25% on U.S. cheese, virtually taking U.S. cheese out of the market. Unbalanced duties and export fees mean that Europe pays less per pound to export their cheese to the U.S. than what we pay to export there," added Schwager.

He concluded by emphasizing the active role dairy farmers can play and using their voice to ensure policymakers and trade ambassadors know of the importance quality dairy trade agreements have on the U.S. dairy industry.

Re-elected to a three-year term, on the ten-member board of directors included Dan Vandertie,

Brussels, Wis. to serve District 2, Wayne Gajewski, Athens, Wis. to serve District 4 and Kathy Bauer, Faribault, Minn. to serve District 9.

FarmFirst's 10th Annual Meeting is set to take place February 11-12, 2022 in Onalaska, Wis. 🇺🇸



Special Thanks to our 2021 Virtual Annual Meeting Sponsors

these Platinum sponsors featured here for their support of the cooperative. All sponsor contributions, which totaled just over \$4,000, will go to the cooperative's scholarship program. Thank you! 🇺🇸



FarmFirst would like to thank this year's Emerald sponsors including CliftonLarsonAllen LLP, Investors Community Bank, StoneX, Vrakas Blum, Wisconsin Beef Council and the Wisconsin Livestock Identification Consortium as well as

Reduce the Volatility Of Your Milk Check In A Time Of Uncertainty



How do we sum up the last 18 months in the dairy industry, as a rollercoaster ride? We have

seen many highs and lows this time period. What will the next 18 months bring? Does anyone know? Can we even begin to project the milk market? What will feed cost the dairy industry in the coming year or two, could we be on the verge of setting new highs? These are questions that no one can answer.

There are many things about the dairy industry that we are unable to control or find sound answers to. However, there are things we can manage effectively with a sound plan. I can say with confidence that dairy producers with a sound risk management plan in 2020 were ready for the ride. How do we help producers do this in the years to come? Let's discuss how it can be done.

A Recent History Lesson

In early 2019, future milk prices were projected in the low to mid-\$16 range. As we progressed forward through 2019, we saw futures prices rise into the upper \$17's. By December of 2019, we saw some of the highest futures in the last six years. There was a lot of positivity in the industry and it was fun talking with producers. Many wondered if they needed to continue with their marketing plan as things were looking good. We have always said that consistency is key with any marketing plan and our message hasn't changed. We were never more sure of our message than we were at the end January of 2020.

Did we project what was coming, did anyone really know? I definitely had no idea what was to come. The excitement in the industry seemed to come to a screeching halt. Class III milk futures for the second quarter of 2020 (April, May and June) went from a high of \$17.88 per hundredweight (cwt) on Jan. 24 to a low of \$11.64 per cwt on April 21. In 12 short weeks, the industry took a \$6.24-per-cwt hit on Class III milk


and a \$7.32-per-cwt hit on Class IV milk prices. This volatility returned again in December 2020 and January and February of 2021. This time it wasn't just the fall of the milk price, it was also the increase of feed costs that were affecting our margin and overall profitability. In reviewing some of our marketing plans for December 2020 through February of 2021, milk fell by an average of \$.41, corn increased by an average of \$1.41 per bushel and meal rose an average of \$126.91.

Milk Markets are Volatile, Your Marketing Plan Doesn't Have To Be

There are many programs available to help reduce the market volatility of the dairy industry. What plan is right for you? It can be intimidating to learn about the various programs that are available out there, but an experienced agent knows which program will best fit your goals for the year ahead and can easily guide you through options to help get started. A well thought out and consistently implemented plan manages your risk, reduces the time you spend on the phone talking markets, and allows you to focus on farming. If you are already using a marketing plan and want to review it, I can help. If you are interested in learning more about starting to build a sound risk management plan with options that work for you, let me know. My goal is to use my experience and resources to help put your farm in a better position for years to come.



Call Travis Glaser at ARM Services to learn more: 715-456-5607

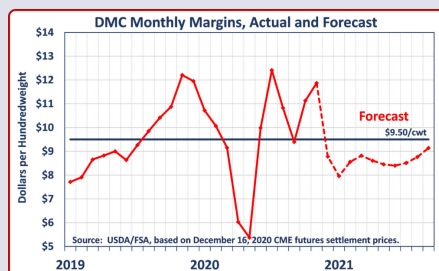
FarmFirst leadership saw a need to connect members with experts in dairy risk management and chose to work with ARM Services LLC because of their reputation and the fact that they are a Wisconsin-based company doing business all over the Upper Midwest. Whether you are wrapping your head around risk management for the first time or asking questions about a new strategy, we are confident that ARM Services can answer your questions and build a plan that works to meet your goals. 



DMC's January Payout Exceeds Annual Premium Costs


The margin in January for the Dairy Margin Coverage program, the main federal dairy safety-net initiative, was \$7.14 per cwt, down from \$8.78 per cwt in December. That generated a payment of \$2.36 per cwt for \$9.50 per cwt coverage for January - which, by itself, was already more than enough to repay the full cost of signing up for the program at the maximum coverage level for the entire year.

The January all-milk price dropped another dollar from December to \$17.50 per cwt. Meanwhile, the remaining \$0.64 per cwt monthly drop in the margin was generated almost entirely by increases in corn and soybean meal costs. The one-month increase in the margin's feed cost was the highest for



the DMC as well as for its predecessor, the Margin Protection Program, which was initiated in 2014.

With current futures prices indicating that the all-milk price

won't rise above January's level for several months and that corn will keep rising and soybean meal will not get much cheaper over the same period, the program is expected to generate substantial payments in 2021. 

JANUARY 2021

	UPPER MIDWEST	CENTRAL	MIDEAST
Order Name and Number	Order 30	Order 32	Order 33
Producer Milk (lbs.)	1,035,869,352	958,810,154	1,406,024,363
Producer Price Differential @ base zone	\$ -0.92	\$ -1.60	\$ -1.08
Statistical Uniform Price/cwt @ 3.5% BF*	\$ 15.12	\$ 14.44	\$ 14.96
Class I Price/cwt	\$ 16.94	\$ 17.14	\$ 17.14
Class II Price/cwt	\$ 14.18	\$ 14.18	\$ 14.18
Class III Price/cwt	\$ 16.04	\$ 16.04	\$ 16.04
Class IV Price/cwt	\$ 13.75	\$ 13.75	\$ 13.75
Component Prices & Test Avg. % aves			
Butterfat/lb.	\$ 1.5541 4.11%	4.09%	4.02%
Protein/lb.	\$ 3.0355 3.23%	3.29%	3.25%
Other Solids/lb.	\$ 0.26820 5.78%	5.79%	5.78%
SCC Adjust Rate/1000	\$ 0.00083		
Producer Milk Classified %			
Class I	20.50%	41.34%	41.10%
Class II	18.30%	13.68%	24.30%
Class III	40.90%	5.04%	12.60%
Class IV	20.30%	39.94%	22.00%
	100.00%	100.00%	100.00%



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**FarmFirst hosted it's
Virtual Annual Meeting on Feb. 12 -
Read More Inside!**

The FarmFirst 2021 Scholarship Application Deadline is March 31



Scholarship applications are available for the 2021 FarmFirst Dairy Cooperative scholarship program. The application deadline is **March**

31, 2021. Please review the application for student eligibility and criteria. Applications are available online at www.FarmFirstDairyCooperative.com or by calling 608-286-1909.

Use the online application for an easy and quick submission process! Applicants can submit their application directly online via our online submission form, or mail in a printed application with a postmark date no later than March 31. Please confirm receipt of your application. **Don't delay! Apply Today!**



You're Invited!

**FarmFirst's Member Appreciation Breakfast
Thursday, March 25 at The Crooked Pint**

(located within the Holiday Inn) 2040 W. Russell Street, Sioux Falls, SD.

Open House Style Hot Breakfast

Available from 6:45 a.m. - 9:00 a.m.

Visit with General Manager Jeff Lyon & Field Rep. Betty Lund to learn more about FarmFirst programs and opportunities.

Members also receive free FarmFirst Apparel!

Make your reservations today!

Reservations allow for a more accurate meal count.

Call Betty at 715-491-9119.