

USJersey goes to Washington

“There is no more powerful voice in the office of a member of the U.S. Senate or House of Representatives than that of a constituent,” said Charlie Garrison, President of the Garrison Group LLC and National All-Jersey Inc. (NAJ) lobbyist in Washington, D.C.

Based on that premise Marion Barlass, Cal Graber and Veronica Steer of the NAJ board, Karen Bohnert, Mark Gardner, Walter Owens, Tom Sawyer and Bradley Taylor of the American Jersey Cattle Association (AJCA) board along with staff members Kim Billman, Drew Duncan and Greg Lavan traveled to the nation’s capital for two days of congressional visits in late February.

“This year’s fly-in was very early in a new Congress with a new majority in charge of the House of Representatives. NAJ and AJCA board members and staff that made the trip took full advantage of that early opportunity to deliver key messages on the importance of completing international trade agreements, passing immigration reform that works for dairy farm employees and their families, and how new risk management tools like Dairy Margin Coverage (DMC) and Dairy Revenue Protection (Dairy-RP) will offer help in this challenging dairy farm economy,” commented Garrison.

Prior to calling on Members of Congress and their staffs, the group received briefings on the primary issues. J. David Carlin, Senior Vice President of Legislative Affairs and Economic Policy for the International Dairy Foods Association, covered the status of international trade agreements. U.S dairy exports have grown over the past decade to the point that over 15% of our milk solids is marketed internationally. Mexico is the top market for U.S. dairy products, buying nearly one-quarter of total U.S. exports. Recent tariffs that Mexico has applied to U.S. dairy products in retaliation for U.S. tariffs on Mexican aluminum and steel have slowed dairy exports to that

country. In fact, the tariffs have made EU and New Zealand dairy products more competitive in Mexico.

The U.S.-Mexico-Canada Agreement (USMCA) negotiated last year is a step in the right direction for North American dairy trade. Ratification of the USMCA by both the Senate and House of Representatives is key to removing tariffs and counter tariffs applied by both countries. In addition, the USMCA provides the U.S. with small gains to the Canadian market.

China ranks third among U.S. dairy export markets. Just as with Mexico, U.S. tariffs on Chinese aluminum and steel triggered counter tariffs by China on U.S. agricultural products, including dairy products. While the two countries remain engaged in extensive trade negotiations, a rapid resolution followed by congressional ratification is needed in order to bolster U.S. dairy exports to that nation.



Craig Regelbrugge, Senior Vice President for Public Policy and Government Relations for the American Horticultural Association, briefed the group about the ongoing efforts for agricultural labor reform. The Agricultural Workforce Coalition (AWC) brings together organizations representing the diverse needs of agricultural employers across the country. NAJ supports the mission and principles of the AWC in the belief that legislation meeting the needs of all of agriculture, including farms with current workers in need of legal status and farms with year-round and seasonal workers, offers the best opportunity to enact legislation to address the deepening farm labor crisis.

While the 2018 Farm Bill was signed into law late last year, congressional oversight is still needed to ensure its policies are enacted as Congress intended. Dr. John Newton, Chief Economist for the American Farm Bureau Federation (AFBF), outlined the provisions of the DMC along with the new Dairy-RP program authored by AFBF. Compared to its predecessor, the Margin Protection Program (MPP), DMC offers producers lower premiums on their first five million pounds of historical production, the option to insure a

higher margin of income over feed costs (\$9.50 vs. \$8.00), and the opportunity to enroll in DMC in conjunction with Livestock Gross Margin for Dairy (LGM-Dairy) and Dairy-RP.

The full set of NAJ talking points compiled in preparation for the congressional visits can be found using the following link:
<http://bit.do/Talkingpoints>

In all, 16 senate and 11 House of Representative visits were made by the board members and staff. There was a strong consensus amongst those attending that it is important to develop and cultivate relationships with Members of Congress. These relationships are critical to putting a local face on how issues important to the U.S. dairy industry impact their dairy farmer constituents day-in and day-out. Several of the directors shared the following thoughts after their visits.

“Making our representatives more aware of our concerns and reinforcing the reasons why is very important,” recapped Marion Barlass. “We need to keep in contact with congressional offices on a regular basis, especially when a new issue arises, or they are working on an issue concerning the dairy industry. They need to know they can always contact us with questions.”

Karen Bohnert concurred. “I believe putting a personal dairy story in the hands and hearts of my state’s congressional delegation was a good thing. At the end of the day, I wonder how much I pushed the needle on topics, but if nothing else, I brought awareness of how labor reform and trade would impact local dairy farmers, just like myself. I was impressed that Representative Cheri Bustos’ staffer had ties back into dairy, and he embraced the conversation and understood what huge hurdles and issues dairy farmers are facing.”

“I think we put a face on America’s dairy farmers,” commented Veronica Steer. “There are not many of us



farmers, and yet between our Jersey fly-in, friends who were in D.C. the following week, and DFA/NMPF at the beginning of March, I think we let our presence be known. I think we reminded our legislators that major decisions, particularly in trade, could be devastating to our dairy farmers. This was my third

fly-in, and my first time to actually meet with my representative, David Kustoff. He told me how much it meant to him that I took the time to fly to D.C. and not just write or call.”

“Overall I thought the trip was good,” observed Walter Owens. “I thought we provided accurate information about some of the current challenges in the dairy industry that the congressional people needed to hear, and they seemed to listen. Hopefully that will help Congress make some good decisions. When speaking to Rep. Sean Duffy’s staff they stated they had legislation on immigration ready to take to the floor.”

Political veteran Cal Graber summarized the two days. “I thought the trip was a rousing success. It is a great

opportunity whenever a Dakota farm boy like myself can answer questions about my family from my U.S. Senator and proceed to discuss the talking points assembled by National All-Jersey management. Because we have developed a

relationship through the years with my congressional delegation, they were happy to discuss the issues we presented. Congressman Dusty Johnson and I will visit again this summer at the Turner County Fair.”

As Graber’s comment states, building relationships with Members of Congress can be accomplished locally, too, and doesn’t require a trip to D.C. NAJ members are encouraged to visit with their legislators at events in their district or state. Several NAJ members have hosted Members of Congress at their dairies or businesses, and if such an opportunity arises, NAJ staff stands ready to assist with talking points and supporting data. Just let us know.



NAJ Milk & Component Outlook - 2019 Prices through February

2019 AVERAGE STATISTICAL BLEND PRICE FOR EACH FEDERAL ORDER		2019 MILK VOLUME (Million #)		2019 AVERAGE JERSEY REGULATED BLEND PRICE	
Northeast (Boston)	\$16.53	Northeast (Boston)	4,373	Northeast (Boston)	\$20.28
Appalachian (Charlotte)	\$17.90	Appalachian (Charlotte)	895	Appalachian (Charlotte)	\$21.08
Southeast (Atlanta)	\$18.31	Southeast (Atlanta)	830	Southeast (Atlanta)	\$22.55
Florida (Tampa)	\$19.86	Florida (Tampa)	439	Florida (Tampa)	\$23.67
Mideast (Cleveland)	\$15.53	Mideast (Cleveland)	3,018	Mideast (Cleveland)	\$18.90
Upper Midwest (Chicago)	\$14.25	Upper Midwest (Chicago)	5,832	Upper Midwest (Chicago)	\$17.82
Central (Kansas City)	\$14.99	Central (Kansas City)	2,654	Central (Kansas City)	\$18.53
California (Sacramento)	\$12.01	California (Sacramento)	3,849	California (Sacramento)	\$16.14
Southwest (Dallas)	\$10.62	Southwest (Dallas)	2,277	Southwest (Dallas)	\$19.08
Arizona (Phoenix)	\$15.68	Arizona (Phoenix)	860	Arizona (Phoenix)	\$19.08
<u>Pacific Northwest (Seattle)</u>	<u>\$15.21</u>	<u>Pacific Northwest (Seattle)</u>	<u>1,374</u>	<u>Pacific Northwest (Seattle)</u>	<u>\$18.14</u>
ALL FMMO MARKET AVERAGE	\$15.54	ALL FMMO MARKET TOTAL	26,401	ALL FMMO MARKET AVERAGE	\$19.57

Prices reflect Federal Order minimum blend prices for city shown.

Total Grade A milk volume sold under FMMO.

Prices reflect FMMO minimum prices at Jersey component values.

2019 AVERAGE JERSEY BLEND WITH ESTIMATED PROTEIN OR CHEESE YIELD PREMIUMS		2019 AVERAGE DOLLAR DIFFERENCE: JERSEY MILK WITH PREMIUMS VS. STATISTICAL BLEND PRICE		2019 AVERAGE PERCENT DIFFERENCE: JERSEY MILK WITH PREMIUMS VS. STATISTICAL BLEND PRICE	
Northeast (Boston)	\$20.54	Northeast (Boston)	\$4.01	Northeast (Boston)	24.2%
Appalachian (Charlotte) (includes protein prem.)	\$21.47	Appalachian (Charlotte)	\$3.56	Appalachian (Charlotte)	19.9%
Southeast (Atlanta)	\$22.55	Southeast (Atlanta)	\$3.49	Southeast (Atlanta)	18.3%
Florida (Tampa)	\$23.67	Florida (Tampa)	\$3.80	Florida (Tampa)	19.1%
Mideast (Cleveland) (includes protein premium)	\$19.58	Mideast (Cleveland)	\$4.05	Mideast (Cleveland)	26.1%
Upper Midwest (Chicago) (includes cy premium)	\$18.09	Upper Midwest (Chicago)	\$3.85	Upper Midwest (Chicago)	27.0%
Central (Kansas City)	\$18.53	Central (Kansas City)	\$3.53	Central (Kansas City)	23.6%
California (Sacramento)	\$16.14	California (Sacramento)	\$1.04	California (Sacramento)	6.9%
Southwest (Dallas)	\$19.08	Southwest (Dallas)	\$3.36	Southwest (Dallas)	21.4%
Arizona (Phoenix) (includes protein)	\$19.46	Arizona (Phoenix)	\$3.78	Arizona (Phoenix)	24.1%
<u>Pacific Northwest (Seattle)</u>	<u>\$18.14</u>	<u>Pacific Northwest (Seattle)</u>	<u>\$2.93</u>	<u>Pacific Northwest (Seattle)</u>	<u>19.2%</u>
ALL FMMO MARKET AVERAGE	\$19.75	ALL FMMO MARKET AVERAGE	\$3.40	ALL FMMO MARKET AVERAGE	20.9%

Includes a protein premium of \$0.05 for every 0.01% increase in protein over the market average.

Prices reflect difference between Jersey price with premiums, and the statistical blend price.

Percent difference in Jersey price with premiums, over the statistical blend price.

ESTIMATED JERSEY MILK COMPOSITION	2019	REGULATED MILK PRICES	2019	AVERAGE JERSEY PRICE ADJUSTMENT PER CWT:	2019
Butterfat	5.14	FMMO Milkfat	\$2.5163	FMMO Milkfat Adjustment	\$2.98
TRUE Protein	3.87	FMMO True Protein	\$1.1852	FMMO True Protein Adjustment	\$0.73
Other Solids	5.73	FMMO Other Solids	\$0.2765	FMMO Other Solids Adjustment	(\$0.01)
Solids Not Fat (SNF)	9.60				
Cheese Yield (90% Fat Recovery, 38% Moisture)	13.38				
CME Block Cheese Price	\$1.48				

NAJ Milk & Component Outlook - February 2019 Jersey Price Comparisons

<u>FEB '18(STATISTICAL BLEND PRICE</u>		<u>FEB'19 MONTHLY MILK VOLUME</u> (Million #)		<u>FEB'19 JERSEY REGULATED BLEND PRICE</u>	
Northeast (Boston)	\$16.65	Northeast (Boston)	2,086	Northeast (Boston)	\$20.42
Appalachian (Charlotte)	\$18.00	Appalachian (Charlotte)	407	Appalachian (Charlotte)	\$21.20
Southeast (Atlanta)	\$18.35	Southeast (Atlanta)	391	Southeast (Atlanta)	\$21.58
Florida (Tampa)	\$19.96	Florida (Tampa)	207	Florida (Tampa)	\$23.79
Mideast (Cleveland)	\$15.60	Mideast (Cleveland)	1,477	Mideast (Cleveland)	\$18.97
Upper Midwest (Chicago)	\$14.22	Upper Midwest (Chicago)	2,772	Upper Midwest (Chicago)	\$17.77
Central (Kansas City)	\$15.07	Central (Kansas City)	1,229	Central (Kansas City)	\$18.63
California (Sacramento)	\$15.12	California (Sacramento)	1,830	California (Sacramento)	\$15.84
Southwest (Dallas)	\$15.72	Southwest (Dallas)	1,096	Southwest (Dallas)	\$19.11
Arizona (Phoenix)	\$15.76	Arizona (Phoenix)	414	Arizona (Phoenix)	\$19.19
<u>Pacific Northwest (Seattle)</u>	<u>\$15.28</u>	<u>Pacific Northwest (Seattle)</u>	<u>604</u>	<u>Pacific Northwest (Seattle)</u>	<u>\$18.16</u>
ALL FMMO MARKET AVERAGE	\$16.34	ALL FMMO MARKET TOTAL	12,513	ALL FMMO MARKET AVERAGE	\$19.51

Prices reflect Federal Order minimum blend prices for city shown.

Total Grade A milk volume sold under FMMO during month.

Prices reflect FMMO minimum prices at Jersey component values.

<u>FEB '19 JERSEY BLEND WITH ESTIMATED PROTEIN OR CHEESE YIELD PREMIUMS</u>		<u>FEB'19 DOLLAR DIFFERENCE: JERSEY MILK WITH PREMIUMS VS. STATISTICAL BLEND PRICE</u>		<u>FEB'19 PERCENT DIFFERENCE: JERSEY MILK WITH PREMIUMS VS. STATISTICAL BLEND PRICE</u>	
Northeast (Boston)	\$20.68	Northeast (Boston)	\$4.03	Northeast (Boston)	24.2%
Appalachian (Charlotte) (includes protein prem.)	\$21.58	Appalachian (Charlotte)	\$3.58	Appalachian (Charlotte)	19.9%
Southeast (Atlanta)	\$21.58	Southeast (Atlanta)	\$3.23	Southeast (Atlanta)	17.6%
Florida (Tampa)	\$23.79	Florida (Tampa)	\$3.83	Florida (Tampa)	19.2%
Mideast (Cleveland) (includes protein premium)	\$19.66	Mideast (Cleveland)	\$4.06	Mideast (Cleveland)	26.1%
Upper Midwest (Chicago) (includes cy premium)	\$18.04	Upper Midwest (Chicago)	\$3.82	Upper Midwest (Chicago)	26.9%
Central (Kansas City)	\$18.63	Central (Kansas City)	\$3.56	Central (Kansas City)	23.6%
California (Sacramento)	\$15.84	California (Sacramento)	\$0.72	California (Sacramento)	4.8%
Southwest (Dallas)	\$19.11	Southwest (Dallas)	\$3.39	Southwest (Dallas)	21.6%
Arizona (Phoenix) (includes protein)	\$19.57	Arizona (Phoenix)	\$3.81	Arizona (Phoenix)	24.2%
<u>Pacific Northwest (Seattle)</u>	<u>\$18.16</u>	<u>Pacific Northwest (Seattle)</u>	<u>\$2.88</u>	<u>Pacific Northwest (Seattle)</u>	<u>18.8%</u>
ALL FMMO MARKET AVERAGE	\$19.70	ALL FMMO MARKET AVERAGE	\$3.36	ALL FMMO MARKET AVERAGE	20.6%

Includes a protein premium of \$0.05 for every 0.01% increase in protein over the market average.

Prices reflect difference between Jersey price with premiums, and the statistical blend price.

Percent difference in Jersey price with premiums, over the statistical blend price.

<u>ESTIMATED JERSEY MILK COMPOSITION</u>	<u>Feb-19</u>	<u>REGULATED MILK PRICES</u>	<u>Feb-19</u>	<u>AVERAGE JERSEY PRICE ADJUSTMENT PER CWT:</u>	<u>Feb-19</u>
Butterfat	5.13	FMMO Milkfat	\$ 2.5345	FMMO Milkfat Adjustment	\$3.00
TRUE Protein	3.87	FMMO True Protein	\$ 1.1776	FMMO True Protein Adjustment	\$0.73
Other Solids	5.73	FMMO Other Solids	\$ 0.2631	FMMO Other Solids Adjustment	(\$0.01)
Solids Not Fat (SNF)	9.60				
Cheese Yield (90% Fat Recovery, 38% Moisture)	13.39				
CME Block Cheese Price	\$ -				