Episode Transcript:

Decoding Dairy Data: Must-Know Resources for Informed Decision-Making

Fredric Ridenour: Welcome back to the *Progressive Dairy Podcast*. This is the second episode in our series with Total Farm Marketing, where we're providing valuable insights into milk marketing and price risk management. Today, we're joined by Dustin Jonasson, a commodity consultant at Total Farm Marketing. Dustin, welcome to the show.

Dustin Jonasson: Thanks for having me, Fredric. It's great to be here.

Ridenour: Dustin, before we dive into today's topic, could you take a moment to describe your role at Total Farm Marketing?

Jonasson: Sure, Fredric. I'm part of a team of dairy consultants here at Total Farm Marketing's brokerage firm, Stewart-Peterson Group Inc. Each of us works closely with a specific group of clients who subscribe to our TFM360 platform, helping them tailor the recommendations that come from our publishing company, Stewart-Peterson Inc., to their individual farming operations. We work with farmers to understand their unique needs, their price risk tolerance, and their goals. Overall, our team helps apply TFM360's AI-driven recommendations in a way that works best for each producer's specific situation.

Jonasson: In addition to that, I'm also a licensed insurance agent with SP Risk Services LLC, our insurance agency. Part of my role involves collaborating directly with dairy farmers to ensure their Dairy Revenue Protection insurance – or DRP – strategy reflects the specific needs of their operation. This includes determining the appropriate coverage classes, protection factors and ensuring endorsements are properly placed. Close communication is, of course, essential, as we make sure DRP clients are educated and aligned to maximize the benefits of DRP insurance, ensuring they're fully protected against market disruptions and aware of the risk and potential benefits. Our clients find this to be a huge benefit and differentiator from other DRP agents who aren't deeply familiar or immersed in the dairy market as our team is every day.

It's important to note that the June 30 federal deadline is fast approaching for producers to select or change their DRP insurance agent. This is a critical decision, and there's a narrow window each year to make it. If you feel like your current DRP agent isn't providing the level of service, experience and strategy you need to maximize the benefits of DRP, now is the time to make a change for the benefit of your operation. We'd love to earn your DRP business and show you how our approach is unique, so reach out and let's start that discussion today.

Ridenour: That's great to hear, Dustin. If you're new to this series, I encourage our listeners to check out our previous episode where Brad Peterson, vice president of sales at Total Farm Marketing, dives deep into TFM360 and DRP insurance. That episode covers a lot of important foundational information about how these services work and the AI-driven strategies behind them. You can listen to that episode for more in-depth insights.

Ridenour: Now, let's jump into today's discussion about some of the must-know resources for dairy farmers. Dustin, could you take a moment to explain which reports are essential for dairy farmers to track and why?

Jonasson: Absolutely, Fredric. To help our clients stay on top of key market conditions, our team has put together a downloadable reference guide that summarizes all the important details about these reports, including where to find them and how to use them. **It's available for free at totalfarmmarketing.com/dairyguide.** Now, let me walk you through a few critical reports that farmers can follow to keep up on the dairy market:

Jonasson: First off, the Daily Spot Trade on the CME is one of the most essential resources. Published Monday to Friday, this report gives an up-to-date snapshot of product prices like cheese, whey, butter and nonfat dry milk. These spot prices are critical because they set the tone for the market each day and offer real-time insight into price trends. Watching the volume is imperative as well. For example, if the volume of trades rises after a price drop, it could indicate that the market is stabilizing and buyers are returning. On the other hand, if prices are rallying and volumes taper off, it could mean the prices are too high for sustained buying, signaling potential market corrections. Our team uses this information to assess market sentiment and predict potential shifts in pricing, but it is just one fundamental factor to watch.

Jonasson: Another important resource is the Global Dairy Trade Auction, which happens twice a month on the first and third Tuesday. This auction is a key global price indicator for dairy products like cheddar, butter and skim milk powder. For U.S. dairy producers, comparing U.S. spot prices to the results from the GDT can give a sense of global demand and how U.S. prices are positioned in the world market. For instance, if U.S. prices are lower than those seen in the GDT auction, it could indicate strong global demand and potentially solid U.S. exports. We have seen that recently in cheese and butter, for example. Conversely, if U.S. prices are higher, it might suggest a reduction in export competitiveness, which could affect future market pricing.

Jonasson: The monthly Dairy Export report is straightforward, giving numbers on tonnage exported of certain dairy products. It is also interesting to break down where these exports are going. This would be an integral part of the demand setup, especially for cheese on the Class III side and nonfat dry milk/skim milk powder on the Class IV side.

Jonasson: The USDA Milk Production report is another critical resource. This monthly report provides data on cow numbers, milk production per cow and overall milk production for major dairy states. For dairy farmers, this report is one of the most immediate and impactful. It helps track supply-side trends, such as whether the supply of milk is rising or falling, which directly affects milk prices. Milk production is obviously cow numbers times production per cow, so trends in herd size or something like weather affecting production are the key points to watch.

Jonasson: Next, we have the Dairy Products Production report, also published by the USDA. Released early each month, this report provides data on production levels for, as the name suggests, key dairy products such as cheese, whey, butter and nonfat dry milk. By analyzing production levels, farmers can get a sense of whether supply is increasing or decreasing, which can signal potential price fluctuations. For example, if cheese production rises significantly and consumer demand doesn't follow suit, it could signal an oversupply, putting downward pressure on prices. Conversely, whey and nonfat dry milk production have been trending lower, meaning an increase in demand could have a more immediate impact on price direction.

Jonasson: Lastly, the Cold Storage report released by the USDA is important for understanding the demand side of the balance sheet. This monthly report tracks the amount of dairy products stored in public and private refrigerated warehouses. For dairy producers, the key items to focus on are cheese and butter stocks. For instance, if cheese stocks are low, it may indicate that demand is strong and the product being produced is finding a home, providing a bullish outlook for prices. On the other hand, if butter stocks are high, it could mean that supply is outpacing demand, which may put downward pressure on prices.

Ridenour: And why is it so important for dairy farmers to track these reports consistently?

Jonasson: Tracking these reports consistently helps farmers look for trends. If you look at one report and develop a bias off that, you are only looking at a moment in time, so it is important to track these month to month. It also helps to stay ahead of market shifts. For example, if dairy exports are up, that could signal stronger global demand, which might support higher prices. Similarly, changes in milk production could lead to a supply imbalance that affects prices. By keeping track of these data points, farmers can try to anticipate changes and adjust their marketing strategies proactively. Staying informed on these reports is one of the best ways to ensure you're making decisions that align with market trends rather than reacting to surprises.

Ridenour: Let's take a step back. What makes Total Farm Marketing the right partner for farmers who are trying to make sense of these reports and apply them to their operations?

Jonasson: Great question. While these reports and resources are simple to find and follow, the reality is that many farmers struggle to find the time or just don't have the interest in diving deep into them. That's where Total Farm Marketing comes in. TFM360 offers a groundbreaking tool that helps farmers manage price risk for milk and feed components such as corn and soybean meal, and fuel. It allows you to make more informed and proactive decisions without needing to read every piece of published market data. Instead, subscribers to the platform receive valuable recommendations directly, which already take into account the many dynamics driving the milk market and run them through an advanced, AI-powered process that removes the biases. And for our TFM360 customers who choose to work with me or another consultant from our brokerage firm, they can rest easier knowing that we take the time to work with them on a one-to-one level to understand their operation and its unique needs. We essentially become an extension of their farm's business team, working collaboratively to tailor TFM360's recommendations to their specific situation, ensuring they're always on the right track when it comes to risk management.

Ridenour: As we wrap up, Dustin, why is it so important for dairy farmers to stay proactive and informed?

Jonasson: The dairy market is always changing, and the more proactive and informed a farmer can be, the better. Most importantly it is about risk and revenue management, as well as staying ahead of market trends, anticipating challenges and being prepared to act when opportunities or risks arise. By partnering with Total Farm Marketing, farmers can leverage our experience and technology to navigate the complexities of the dairy market while focusing on what they do best – running their operation.

Ridenour: Thank you, Dustin. And to our listeners, remember that the June 30 deadline is fast approaching to select or change your DRP insurance agency. If you are interested in learning more about their unique approach to DRP insurance or their TFM360 platform, just visit **TotalFarmMarketing.com** or call (800) 334-9779 to begin your journey toward more strategic milk marketing and risk management.

Jonasson: Thanks for having me, Fredric. It's been great to be here.