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Dairy EXCELLENCE
Dairy Week In Review

Dated January 5, 2022



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Jan)	\$20.66/cwt.	▲ 12.2 %	▲ 10.7 %	▲ 24.0 %
Class IV Milk Price (Dec)	\$22.25/cwt.	▲ 11.8 %	▲ 11.3 %	▲ 60.6 %
Corn (March)	\$ 6.03/bushel	▲ 0.1 %	▲ 3.4 %	▲ 22.1 %
SBean Meal (January)	\$424.0/ton	▲ 2.2 %	▲ 17.9 %	▲ 4.4 %
Milk Margin (October)*	\$ 12.47/cwt.	—	▲ 16.76 %	▼ 10.26 %

*Each issue of "Dairy Week in Review" will report on current "Milk Margin," or the dollars remaining per one hundred lbs. of milk after feed is paid for, based on data for a 75-pound herd in the latest "PA Dairy Industry Performance Scorecard."

- According to the latest USDA Ag Prices report, Dairy Margin Coverage (DMC) margins have improved month-over-month for the third time in a row. The U.S. all-milk price increased by a \$1.10 per hundredweight (cwt) to \$20.80. The rise in milk price offset an increase in the DMC feed cost to improve the November margin. Corn and soybean meal prices increased while supreme alfalfa hay price dropped slightly. Corn jumped 25 cents per bushel in November to \$5.27. This is an increase of \$8.93 per ton to \$188.21. The November soybean meal price increased to \$358.73 per ton, \$33.30 more than October. Superior alfalfa hay was relatively flat, decreasing by \$1.00 per ton to \$246.00 in November. Total DMC feed cost for November was \$11.66 per cwt. With a milk price of \$20.80 per cwt and a feed cost of \$11.66, the resulting DMC margin for November is \$9.14 per cwt. Although the margin improved, it still did not improve enough to break the \$9.50 maximum threshold triggering an indemnity of 36 cents at the \$9.50 margin coverage.
- The dairy price index increased 0.3 percent to \$4,247 per metric ton on the latest Global Dairy Trade auction. It rebounded after falling 1.5 percent in the end of December. Most dairy products posted price increases, with Cheddar cheese increasing the most at 4.9 percent. Skim milk powder was up 1.0 percent and butter increased 0.3 percent. Whole milk powder prices were flat from the previous session.
- USDA announced the December Class III price at \$18.36 per cwt., up 33 cents from the previous month and the second highest price of the year. The Class IV price was announced at \$19.88 per cwt, up 89 cents from last month and the highest price of the year. In 2021, Class III Prices averaged \$17.08 per cwt., while Class IV prices averaged \$16.09 per cwt.

Government and Industry:

- Dairy farmers are encouraged to visit their local FSA Office to sign up for the Dairy Margin Coverage Program in 2022. As of January 4, 2022, the DMC Decision Tool on the USDA website showed a continued added benefit for December 2021 with an additional DMC payment projected of 15 cents per cwt. Based on January 4 prices, the program is expected to also yield an average of 39 cents per cwt. in 2022. The \$9.50 margin coverage currently sets a U.S. all-milk price trigger of \$20.47 per cwt. In the last 15 years, the U.S. all-milk price has averaged greater than \$20.00 on three occasions with only one year averaging higher than \$20.47. DMC 2022 enrollment closes on February 18, 2022.
- With dairy futures markets showing strength right now, especially in Class IV futures prices, right now may be a good time to consider using the Dairy Revenue Protection Program to protect your profits for the coming year. Dairy RP offers market-based price coverage for the next five quarters, which currently includes the second quarter of 2022 through the second quarter of 2023. The program allows you to put a floor under your milk price. To learn more, contact your crop insurance agent. If you want help in better understanding the program, contact Zach Myers at 717-346-0849.