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Dairy EXCELLENCE
Dairy Week In Review

Dated January 12, 2022



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Jan)	\$20.38/cwt.	▼ 1.5 %	▲ 9.7 %	▲ 25.0 %
Class IV Milk Price (Jan)	\$22.80/cwt.	▲ 2.4 %	▲ 15.2 %	▲ 66.3 %
Corn (March)	\$ 5.99/bushel	▼ 2.2 %	▲ 3.4 %	▲ 14.3 %
SBean Meal (January)	\$431.0/ton	▲ 15.8 %	▲ 17.9 %	▼ 6.8 %
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."

- Global milk supplies are declining. Milk output among major dairy exporters fell from a year ago in both September and October, and it is expected to continue the downward trend in November. So far, November milk production fell 0.4 percent in the US, 1.5 percent in New Zealand, and 0.8 percent in Australia. While not all European countries have reported November data, Germany has reported a 2.9 percent decline in November, the steepest decrease for that country since 2017, according to the *Daily Dairy Reporter*.
- Both Class III and Class IV milk price futures continue to show strength, with commodity prices for butter, Cheddar cheese, and nonfat dry milk all posting huge gains. Block cheese prices are up 13 cents from December's already high prices to \$2.05 per pound, while butter prices are up 77 cents to \$2.83 per pound. Nonfat dry milk is up 13 cents to \$1.76 per pound. Class III milk futures for 2022 average \$21.29 per cwt., while Class IV futures for 2022 average \$22.29 per cwt.
- USDA's Ag Supply and Demand Estimates report shows milk production increasing just 0.6 percent next year to 227.7 billion pounds, after a projected growth of about 1.3 percent in 2021. Domestic and export demand is projected to remain strong, with the All-Milk price expected to average about \$22.60 per cwt. in 2022, up about \$2 from December's projection and about \$4 above the 2021 projected All-Milk Price. On the feed side of the equation, corn production is expected to grow, with higher domestic demand but lower exports resulting in larger ending stocks. The season average price is projected at \$5.45 per bushel. Soybean prices projections were increased by 50 cents to \$12.60 per bushel, with tighter global supplies and lower production forecasts in South America.

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.
- Dairy producers are invited to a free webinar on Thursday, January 20 from 1-3 p.m. Hosted by the Pennsylvania Association of Milk Dealers (PAMD) as part of an educational programming requirement for the USDA Pandemic Market Volatility Assistance Program (PMVAP), the webinar will feature two guest speakers from the Center for Dairy Excellence and Herbein and Company. To register, go to centerfordairyexcellence.org and click on the webinar series under Upcoming Events or call 717-346-0849.
- Registration for the 2022 Pennsylvania Dairy Summit is live. The premier dairy conference will be held at the Lancaster Marriott and Convention Center on February 2 - 3. For program details, visit padairysummit.org or call the Summit business office at 814-355-2467.