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Dairy EXCELLENCE
Dairy Week In Review

Dated January 19, 2022



Markets:

| Dairy Prices | Price | Chge. from Week Ago | Chge. from Month Ago | Chge. from Year Ago |
|----------------------------|----------------|---------------------|----------------------|---------------------|
| Class III Milk Price (Jan) | \$20.23/cwt. | ▼ 0.8 % | ▲ 9.5 % | ▲ 25.0 % |
| Class IV Milk Price (Jan) | \$22.71/cwt. | ▼ 0.6 % | ▲ 14.8 % | ▲ 64.5 % |
| Corn (March) | \$ 6.10/bushel | ▲ 1.8 % | ▲ 2.0 % | ▲ 17.1 % |
| SBean Meal (March) | \$398.3/ton | ▼ 3.2 % | ▲ 1.1 % | ▼ 10.0 % |
| 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."

- The average dairy price index on the latest Global Dairy Trade session was up 4.6 percent to \$4,463 per metric ton, its highest level since March 2014. Whole milk powder and skim milk powder both posted large gains, up 5.6 percent and 5 percent, respectively, in price. Butter prices were up 5 percent, while skim milk powder prices were up 1.1 percent. Ten out of the last 12 sessions had gains in prices.
- New Zealand's milk production declined 1.5 percent to 6.36 billion pounds in November, marking the lowest November supply since 2016. Season-to-date the country is about 2.9 percent behind year-ago levels. Australia's milk production is also down, with November's milk production falling 0.8 percent to nearly 2 billion pounds. So far, production in that country is down 2.4 percent in 2021 compared to a year ago.
- Milk production in the European Union is also falling, with the EU countries except for Spain posting a decline of 1.3 percent year-over-year in November. This is the third consecutive month of year-over-year losses. Germany's milk production was down 2.9 percent, while France, the United Kingdom, and the Netherlands posted declines of 2.7 percent, 2.1 percent, and 4.1 percent, respectively. The declines in the global milk supply continue to elevate milk prices, with Class III milk futures for 2022 averaging \$21.13 per cwt, and Class IV milk futures averaging \$22.23 per cwt. USDA releases its December milk production report on January 20, which is after this week's *Dairy Week in Review* was written.

Government and Industry:

- Dairy farmers are encouraged to visit their local FSA Office to sign up for the Dairy Margin Coverage Program in 2022. DMC should be looked at as an insurance policy that sets a milk price floor, not whether it is projected to provide a benefit. Based on the USDA's online DMC Decision Tool, the DMC feed cost is expected to average \$11.74 per cwt in 2022. If a dairy farmer elects the maximum \$9.50 per cwt margin coverage for 15 cents per cwt., that sets a U.S. all-milk price floor of \$21.24 for up to 5 million pounds of production history. 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.
- 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.