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Dairy Week In Review

Dated January 26, 2022



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Jan)	\$20.34/cwt.	▲ 0.5 %	▼ 1.6 %	▲ 22.1 %
Class IV Milk Price (Jan)	\$22.80/cwt.	▲ 0.4 %	▲ 2.5 %	▲ 64.6 %
Corn (March)	\$ 6.27/bushel	▲ 2.7 %	▲ 4.0 %	▲ 26.9 %
SBean Meal (March)	\$435.1/ton	▲ 8.7 %	▲ 2.6 %	▼ 1.8 %
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."

- The December 2021 Dairy Margin Coverage (DMC) margin was announced earlier this week. For the first time in 13 months, the price eclipsed the maximum \$9.50 margin coverage, but just barely. The DMC margin was announced as \$9.53 per cwt. A \$1.00 per cwt increase in the all-milk price overwhelmed a 61 cents per cwt increase in the DMC feed cost compared to November 2021 to raise the DMC margin above \$9.50 for the first time since November 2020.
- The December U.S. all-milk price was announced as \$21.80 per cwt and the DMC feed cost increased to \$12.27 per cwt compared to November's prices of \$20.80 and \$11.66, respectively. Corn, soybean meal, and alfalfa hay prices increased through December. Corn increased 20 cents per bushel to \$5.47 which is equivalent to \$195.36 per ton, \$7.14 per ton more than November. Superior alfalfa also increased by \$7 per ton to \$253.00. The largest increase in the DMC feed price came from a \$40.80 increase in the soybean meal price to \$399.53 per ton.
- USDA announced the Class III milk price at \$20.38 per cwt., up \$2.02 from December and up \$4.34 from a year ago. The Class IV price was announced at \$23.09 per cwt., up \$3.21 from December and up \$9.34 from a year ago. Class III milk future prices on the CME are averaging \$21.03 per cwt., while Class IV prices average \$22.31 per cwt., based on February 2 settlement prices. Class III prices are averaging more than \$3.90 higher than the average prices from 2021, while Class IV futures prices are up more than \$6 on average from the average prices in 2021.
- The dairy price index jumped for the second session in a row on the latest Global Dairy Trade Auction, up 4.1 percent to \$4,630 per metric ton on February 2, after jumping 4.6 percent in the previous session. All products posted gains in prices, with butter up 3.3 percent, Cheddar cheese up 2.4 percent, and whole milk and skim milk powder prices up 5.8 and 2.1 percent, respectively.
- Dairy cow slaughter was up 42,900 head in 2021 to 3.1064 million head, up 1.4 percent from a year ago, according to the latest USDA Livestock Slaughter report. In December, dairy cow slaughter fell back 2.1 percent from a year ago to 267,800 head sent to auction last month.

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.
- The deadline for livestock producers and ag professionals to complete a mental health and wellness survey has been extended to February 15. The confidential survey results will be used to assess the mental well-being of those involved in agriculture in Pennsylvania. They will also be used to develop future programming to help farmers and agriculture workers manage mental wellness issues. Visit centerfordairyexcellence.org/mental-wellness-survey to access the surveys.