

CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated February 16, 2022



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Feb)	\$20.75/cwt.	▲ 0.4 %	▲ 1.4 %	▲ 32.6 %
Class IV Milk Price (Feb)	\$23.90/cwt.	▲ 1.4 %	▲ 3.4 %	▲ 74.9 %
Corn (March)	\$ 6.47/bushel	▲ 0.1 %	▲ 7.8 %	▲ 17.0 %
SBean Meal (March)	\$449.4/ton	▼ 2.7 %	▲ 7.0 %	▲ 6.1 %
Milk Margin (December)*	\$ 14.29/cwt.	—	▲ 6.01 %	▲ 35.71 %

*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 March Base Class I milk price was announced at \$22.88 per cwt, up \$1.24 from February and \$7.68 above a year ago. It is the highest Class I milk price since December 2014.
- The latest USDA Dairy Products Report shows total cheese output at 1.16 billion pounds in December 2021, up 0.1 percent from a year ago but 3 percent above November levels. American type cheese production was down 1.2 percent from December but up 4.5 percent from November, while Italian type cheese production was down 1.3 percent from a year ago. Although still down 13.2 percent from December 2020, butter production levels increased 15.4 percent from November to 180 million pounds for the last month of the year.
- The average dairy price index was up 4.2 percent to \$4,840 per metric ton on the latest Global Dairy Trade auction, marking the third consecutive session of over 4 percent growth between sessions. Skim milk powder prices were up 6 percent, while butter prices increased 5.1 percent. Whole milk powder was up 4.2 percent, while Cheddar cheese prices were up 3.5 percent. All major products increased in price between sessions.
- Milk supply in major dairy regions continues to contract, with the United Kingdom and European Union (excluding Spain and Luxembourg) posting a 1.6 percent decline in milk production in December, falling to 26.4 billion pounds. Milk production in Australia was down 1.2 percent in December, while milk production in New Zealand was reported to be down 5 percent.
- The Bureau of Labor and Statistics reported a 7.5 percent annual rate of inflation in January, with a 7 percent increase in food prices. While the cost of meat, fish, and eggs increased by 12.2 percent, dairy product price increases were more modest at 3.1 percent.
- December's milk margin as calculated in the PA Dairy Industry Scorecard was the highest in 2021 at \$14.29 per cwt., up 6 percent from November and 35 percent from the previous December. The margin is based on the average income over feed cost for herds at 75 pounds per day.

Government and Industry:

- USDA has extended the deadline to sign up for the Dairy Margin Coverage Program until March 25 to allow dairy farmers time 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. Dairy producers should consider visiting their local FSA office to enroll in the program.
- The Center will host four animal care workshops being held on dairy farms across the state throughout March, with support from the PA Beef Council. The workshops will focus on hands-on skill-building to help meet National FARM compliance. A Spanish interpreter will be present, making the workshops ideal for both English and Spanish-speaking employees. The workshops are free to attend, but pre-registration is requested. Visit www.centerfordairyexcellence.org/animal-care to learn more.