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Dairy EXCELLENCE
Dairy Week In Review

Dated June 2, 2021



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (June)	\$17.32/cwt.	▼ 8.8 %	▼ 9.6 %	▼ 17.5 %
Class IV Milk Price (June)	\$16.65/cwt.	▲ 1.9 %	▲ 2.8 %	▲ 59.6 %
Corn (July)	\$ 6.88/bushel	▲ 10.2 %	▲ 8.7 %	▲ 213 %
SBean Meal (July)	\$394.0/ton	▼ 2.4 %	▼ 7.2 %	▲ 38.2 %
Milk Margin (March)*	\$9.24/cwt.	—	▲ 13.37 %	▼ 17.79 %

*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 65-pound herd in the latest "PA Dairy Industry Performance Scorecard."

- Right now, milk production in three of the largest exporting countries is growing or improving. U.S. milk production has grown year-over-year (YOY) each month this year and represents a 2.2% increase through April compared to last year. New Zealand's milk production season is coming to an end as winter approaches the Southern Hemisphere, but March season-to-date totals show that their milk production is up 2.1% over last year. They have already set a new seasonal milk production record of 43.8 billion pounds. March milk production in the European Union (EU) was down compared to last year but is improving. January EU milk production declined 0.7% compared to last January, but only declined 0.6% in February. EU milk production through the first quarter 2021 is basically flat at -0.2% compared to first quarter 2020.
- The April Dairy Margin Coverage (DMC) margin was announced as \$6.94 per cwt. This is \$0.48 higher than March. The U.S. all-milk price increased \$1.00 per cwt to \$18.40 compared to March, overcoming increased corn, soybean, and alfalfa hay prices that totaled \$11.46 per cwt. The DMC feed cost increased \$0.52 per cwt compared to March. The April DMC margin triggers an indemnity payment at the \$7.00 and higher DMC margin coverages. The April payment at the maximum \$9.50 margin coverage is \$2.56 per cwt or about \$1,900 per 1 million pounds of production history enrolled up to the 5-million-pound cap.
- The dairy price index on the latest Global Dairy Trade auction fell 0.9 percent to \$4,128 per metric ton, marking the fourth decline in a row and posting the largest decline since March 21. Cheddar cheese was the only product to post a price increase, up 0.5 percent this session. Butter prices fell 5.4 percent, while whole milk powder and skim milk powder were both down 0.5 percent. Whole milk and skim milk powder sales also accounted for three-fourths of the sales during this auction.
- Both dairy and food prices continue to rise, according to the Food and Agriculture Organization's Food Price Index. The Food Price Index (FPI) was up 30.8 percent from a year ago, while the dairy price index was up 24.1 percent from a year ago.
- About 95 percent of the nation's corn crop is planted as of May 30, up 5 percent from last week and about 13 percent above the five-year average for this time of year. About 67 percent of the soybean crop is planted.

Government and Industry:

- June 15 is the deadline to lock in a margin for Quarter 3 2021 through the Dairy Revenue Protection Program. With Class III and Class IV milk futures prices strengthening, now may be a good time to look into the Dairy RP Program. It offers market-based price coverage for the next five quarters, which currently includes the third quarter of 2021 through the third quarter of 2022. The program allows you to put a floor under your milk price. To learn more, contact your crop insurance agent. A list of agents is available on the RMA website at www.rma.usda.gov/tools/agent.html. If you want help in developing your plan, contact Zach Myers at 717-346-0849.