



CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated September 1, 2021



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Sept)	\$16.93/cwt.	▲ 5.6 %	▲ 5.6 %	▼ 14.5 %
Class IV Milk Price (August)	\$16.21/cwt.	▲ 2.7 %	▲ 4.0 %	▲ 27.6 %
Corn (September)	\$ 5.15/bushel	▼ 6.2 %	▼ 5.7 %	▲ 51.9 %
SBean Meal (September)	\$343.7/ton	▼ 2.6 %	▼ 2.9 %	▲ 17.9 %
Milk Margin (June)*	\$ 9.79/cwt.	—	▼ 4.0 %	▼ 22.7 %

**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."*

- USDA announced the Class III and Class IV milk prices for August, with the basis between the two now at its closest in the past two years. The August Class III price was announced at \$15.95 per cwt., down 54 cents from July, down \$3.82 from a year ago, and the second lowest Class III price of the year. The Class IV price was announced at \$15.92 per cwt., just 3 cents under the Class III price. It was down 8 cents from July but up \$3.39 from a year ago. Current futures show Class III prices rebounding in September, with the price averaging \$17.04 for the last four months of the year. Futures also show Class IV rebounding in September but only averaging \$16.55 for the last four months of 2021.
- An expected increase in dairy exports is one of the key drivers behind a record-high forecast for U.S. agricultural exports, according to the Daily Dairy Report. In USDA's latest Outlook for U.S. Agricultural Trade report, the agency increased anticipated agricultural exports for fiscal year 2021 (ending Sept. 30) by \$9.5 billion to \$173.5 billion, while lifting fiscal year 2022 exports by \$4 billion to a record-large \$177.5 billion.
- USDA also released its Ag Prices report for July. Corn prices were up 12 cents and alfalfa hay prices were up \$2, but soybean meal fell \$12.95. The overall feed costs were up \$6. The biggest change though was a 50 cent loss in the All-milk price, falling to \$17.90 per cwt. Based on these prices, the USDA announced July's Dairy Margin Coverage margin at \$5.68 per cwt., which is the lowest since May 2020. Based on this, producers who have coverage at the \$9.50 level should be receiving a payment of \$3.82 for their July milk.

Government and Industry:

- USDA is expected to finalize changes to the Dairy Margin Coverage Program within the next couple of weeks. One of those changes will be to adjust the price of high-quality alfalfa compared to the current average price of mid-grade and high-quality alfalfa. This change will result in around a 15 cent to 20 cent per cwt. decrease in the DMC margin, which will increase the indemnity payment by the same amount. This change is retroactive to January 2020. Once the rule is finalized, dairy farmers that enrolled in DMC for 2020 and/or 2021 will receive a payment for the difference caused by the feed cost change.
- On Tuesday, September 14 from 12:30 – 1:30 p.m., the Center for Dairy Excellence will be hosting a Dairy Industry Conference Call. A panel of representatives from National Milk Producers Federation (NMPF) and the USDA's Farm Service Agency (FSA) and Agricultural Marketing Service (AMS) will be on the call to talk about the recent relief payments authorized by the USDA as part of the Administration's Pandemic Volatility Assistance Program and recent changes to the Dairy Margin Coverage program. To join the conference call, dial toll free (978) 990-5000 and enter the access code 553371, followed by the # sign, when prompted. You will be automatically entered into the conference call.