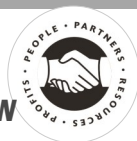




CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated December 15, 2021



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Dec)	\$18.57/cwt.	▼ 0.5 %	▲ 2.6 %	▲ 17.6 %
Class IV Milk Price (Dec)	\$19.78/cwt.	▼ 1.1 %	▲ 5.8 %	▲ 46.9 %
Corn (December)	\$ 5.86/bushel	▲ 0.5 %	▲ 3.0 %	▲ 38.2 %
SBean Meal (December)	\$372.2/ton	▲ 3.4 %	▲ 8.6 %	▼ 4.2 %
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."*

- USDA released its World Agricultural Supply and Demand Estimates report, projecting milk production to be lower in 2021 and 2022 with lower cow numbers and slower growth in production per cow. Both Class III and Class IV milk price estimates were raised, with expectations for higher cheese, whey and butter prices. The 2021 all milk price forecast was raised 10 cents from last month to \$18.60 per cwt., with the 2022 all milk price increased to \$20.75 per cwt., up 50 cents from November's report.

Government and Industry:

- The USDA opened enrollment for the 2022 Dairy Margin Coverage Program on December 13, with farmers having until February 18, 2022, to sign up at their local Farm Service Agency (FSA) service center. Along with opening enrollment for 2022, USDA also started taking applications for Supplemental Dairy Margin Coverage (SDMC). This offers small and mid-sized dairies the opportunity to cover additional milk production if they have expanded since 2014 but prior to 2020 and have not been able to enroll the additional production. DMC plus SDMC production history cannot exceed the Tier 1, 5-million-pound maximum threshold. SDMC is equal to the difference between actual 2019 production history and current production history multiplied by 75 percent. Dairy farmers interested in enrolling in DMC for 2022 and establishing SDMC will have to have SDMC enrollment completed prior to 2022 DMC enrollment. Both enrollments can be completed during the same appointment. To apply for SDMC, the December 2019 settlement paystub received in January 2020 is needed to prove 2019 actual production. If you have not expanded since 2014, no additional information is needed to enroll in DMC if production history has previously been established with FSA. Retroactive SDMC payments for 2021 will be processed using the new feed cost calculation and paid shortly after your enrollment is approved.
- Along with opening enrollment for DMC and SDMC, USDA also published the alfalfa hay price change. Using the higher priced high quality alfalfa hay instead of a blended price results in increased feed costs and a reduction in the DMC margin. This change is retroactive to January 1, 2020. Producers enrolled in either 2020 or 2021 will receive a retroactive payment for the hay price change made automatically with no need to visit the local FSA office. These payments will arrive via the way you normally receive payments from FSA (direct deposit or a check). The hay price change affects 5 months in 2020 for an average payment of about 20 cents per cwt based on your current production history. This equates to an additional \$780 per 1 million pounds of production history enrolled in DMC up to the Tier 1 cap. The hay price change further erodes the January through October 2021 margins by an average 22 cents per cwt or an additional \$1,717 per 1 million pounds of production history.
- On Tuesday, December 21 from 12:30-1:30 p.m. EST, the Center for Dairy Excellence will host a Dairy Industry Conference Call to address recent Dairy Margin Coverage (DMC) changes and expansions as well as updates on the USDA's Pandemic Market Volatility Assistance Program (PMVAP). To join, dial 978-990-5000, enter the access code 553371#, and you will be entered into the call. To submit questions in advance, text or call 717-585-0766 or email them to zmyers@centerfordairyexcellence.org.
- Last week Senators Gillibrand, Collins, and Leahy introduced the Dairy Pricing Opportunity Act of 2021 (DPOA). The bipartisan bill calls for the US Secretary of Agriculture Vilsack to conduct hearings on Federal Milk Marketing Order (FMMO) pricing within six months of its passage. The bill specifically mentions the calculation of the Class I skim price but also includes language for "such other matters as the Secretary of Agriculture considers appropriate." Those could include processors' make allowances and depooling rules.