



CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated December 28, 2021



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Dec)	\$18.41/cwt.	▼ 0.4 %	▼ 1.3 %	▲ 17.3 %
Class IV Milk Price (Dec)	\$19.87/cwt.	▲ 0.4 %	▲ 6.3 %	▲ 48.1 %
Corn (March)	\$ 6.04/bushel	▲ 1.0 %	▲ 0.7 %	▲ 29.6 %
SBean Meal (January)	\$415.0/ton	▲ 5.3 %	▲ 19.2 %	—
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 announced the January 2022 Class I milk price at \$19.71 per hundredweight, up 54 cents from December and \$4.57 above a year ago levels. Class I milk prices averaged \$16.83 per hundredweight in 2021.
- The latest USDA Cold Storage report shows butter stocks falling to 211.8 million pounds on November 30, down 67 million pounds from October, close to the five-year average drawdown for this time of year. Cheese stocks at the end of November were at 1.422 billion pounds, down 27 million pounds, or 1.9 percent, from October. Other cheese varieties accounted for most of the decline, falling 18.2 million pounds. American cheese stocks fell 8.1 million pounds, still above a year ago levels.

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.
- Those who couldn't join the Center's Dairy Industry conference call last Wednesday can now access a recording. The call covered the recent Dairy Margin Coverage (DMC) changes and the expected roll-out for Pandemic Market Volatility Assistance Program (PMVAP) relief payments for dairy producers. Our panelists provided helpful information on the new DMC supplemental production history rules and the expected timeline for PMVAP payments. To listen to a recording, call the following number to listen to a playback on your phone: Dial 978-990-5099 and enter Access Code: 553371# and Reference Number 13#.
- With dairy futures markets showing strength right now, especially in Class IV futures prices, right now may be a good time to consider using the Dairy Revenue Protection Program to protect your profits for the coming year. Dairy RP offers market-based price coverage for the next five quarters, which currently includes the second quarter of 2022 through the second quarter of 2023. 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 at www.rma.usda.gov/tools/agent.html. If you want help in better understanding the program, contact Zach Myers at 717-346-0849.

Happy Holidays!