

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — DEC. 15, 2021 — except where noted



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DMC and SDMC enrollments announced: On December 8, the USDA announced that enrollment for the 2022 Dairy Margin Coverage (DMC) program would open on December 13, 2021 and continue through February 18, 2022 at local Farm Service Agency (FSA) service centers. Continue reading for additional details on the improved programs.

Supplemental Dairy Margin Coverage (SDMC) 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%. For example, if Joe Dairy's production history is 2 million pounds and he has expanded production to 3 million pounds by the end of 2019, then his supplemental production history is (3 million - 2 million) x .75, or 750,000 pounds. Joe's new production history through 2023 will be 2.75 million pounds. SDMC is retroactive to Jan. 1, 2021. If you are a dairy farmer interested in enrolling in DMC for 2022 and establishing SDMC, SDMC enrollment will have to be 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.

The alfalfa hay price change was another update to the program that benefits dairy farmers. 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. If you were enrolled in either 2020 or 2021, the retroactive payment for the hay price change will be made automatically with no need for you to reach out to your 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 Jan. through Oct. 2021 margins by an average 22 cents per cwt or an additional \$1,717 per 1 million pounds of production history.

The Center for Dairy Excellence is holding a Dairy Industry Conference Call to provide more details on the DMC changes and an update on the Pandemic Market Volatility Assistance Program Payments. Representatives from the Agricultural Marketing Service (AMS) and FSA will be on the call to answer your questions.

Questions can be submitted to me prior to the call via email or by calling or texting 717-585-0766. Contact information for the call can be found in the included graphic at right.

Center for Dairy Excellence Dairy Industry Conference Call
When: Tuesday, December 21, 2021, from 12:30 to 1:30 p.m. (EST)
Topics:
 Pandemic Market Volatility Assistance Program's Dairy Relief Payments
 Dairy Margin Coverage Changes and Benefits
Dial Toll Free: (978) 990-5000
Enter Access Code: 553371#, when prompted

Prices change daily. This market information is an example for educational purposes. The market data below are compiled weekly by Farmshine, via CME & USDA reports

CME DAILY FUTURES & OPTIONS TRADING — DEC. 15, 2021 AT THE CLOSE

DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	OCT-22	NOV-22	TREND
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Dec down \$0.20, Jan steady, Rest of board \$0.10-0.40 higher, esp later months. 12-Month Avg. 19.64 ↑↑												
18.57	19.80	19.94	19.83	19.65	19.68	19.70	19.79	19.81	19.73	19.73	19.45	↑↑
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Dec up \$0.10, Jan-Feb up \$0.65-0.85, Rest of board \$0.40-0.60 higher, 12-Month Avg. 20.38 ↑↑												
19.55	20.55	20.67	20.66	20.59	20.52	20.50	20.26	20.45	20.36	20.33	20.17	↑↑

HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED

19.29 05/21	19.80 12/21	19.94 12/21	19.83 12/21	19.65 12/21	19.68 12/21	19.70 12/21	19.79 12/21	19.81 12/21	19.73 12/21	19.73 12/21	19.45 12/21
14.19 03/20	14.50 03/20	14.25 03/20	14.70 03/20	14.85 03/20	14.75 03/20	14.71 03/20	14.69 03/20	14.69 03/20	14.92 03/21	15.22 03/21	15.19 03/21

MILK BASIS (\$/CWT) — PA BASIS & 2016-19 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)

PA	0.79	1.17	0.62	1.53	2.29	1.82	1.58	0.99	1.03	0.95	0.79	0.60
*AVG	1.38	0.85	1.67	2.55	2.15	1.66	1.45	1.25	1.31	1.15	0.67	0.74

DMC OFFICIAL GROSS MARGINS per cwt. (USDA All-Milk, com/alfalfa hay & Illinois soybean prices, feed for all classes of dairy cattle on the farm)

DMC	AUG-20	SEP-20	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	JUL-21	AUG-21	*SEP-21	*OCT-21	TREND
	10.83	9.40	11.13	11.87	8.78	7.14	6.22	6.46	6.94	6.89	6.24	5.68	5.25	6.93	*8.77	↑↑

U.S. AVG MILK MARGIN per 100 lbs milk based on 75-lb herd avg & USDA's All-Milk price, USDA-reported com & alfalfa hay & Ill. soybean prices (lactating feed only)

JUL-20	AUG-20	SEP-20	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	JUL-21	AUG-21	*SEP-21	*OCT-21	TREND
15.04	13.43	12.33	14.44	15.47	12.51	11.25	10.51	10.66	11.31	11.53	10.77	10.19	9.79	*10.05	*11.74	↑↑

PA AVG MILK MARGIN per 100 lbs milk based on 75-lb herd average and USDA's PA All-Milk price, USDA com & alfalfa hay & Buff., NY soybean prices (lactating feed only)

JUL-20	AUG-20	SEP-20	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	JUL-21	AUG-21	*SEP-21	*OCT-21	TREND
12.67	11.10	10.91	11.31	12.36	10.53	8.56	8.15	9.24	9.37	9.76	10.20	10.04	9.82	*10.68	*12.47	↑↑

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium

MAR-22	JUL-22	DEC-22	Example Daily Strike Price / Premium	MAR-22	MAY-22	JUL-22
18.50 0.04	19.75 0.47	20.00 0.99	19.75 1.09	19.75 1.30	19.75 1.37	19.75 1.40
19.75 1.39	19.75 1.39	19.75 1.42	19.75 1.43	19.50 1.39		

CORN (\$/BU) OPTIONS — CALLS

MAR-22	JUL-22	DEC-22	Example Daily Strike Price / Premium	MAR-22	MAY-22	JUL-22
5.60 35.70	6.00 36.30	6.10 28.20	5.60 35.70	6.00 36.30	6.10 28.20	6.10 28.20
6.70 02.70	8.20 03.40	7.80 06.20				

CORN FUTURES (\$/BU)

MAR-22	MAY-22	JUL-22	SEP-22	DEC-22	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	JUL-24	DEC-24	TREND
5.856	5.872	5.864	5.584	5.436	5.512	5.540	5.526	5.082	5.002	5.002	5.086	↓↓

SOYMEAL FUTURES (\$/TON)

JAN-22	MAR-22	MAY-22	JUL-22	AUG-22	SEP-22	OCT-22	DEC-22	JAN-23	MAR-23	MAY-23	JUL-23	TREND
372.2	369.0	369.2	371.7	370.6	368.4	364.8	364.8	362.5	355.1	351.2	351.7	↑↑

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *OCT 2021

FEED = \$/CWT	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)
*OCT (estimated)	8.52 ↓↓	*9.35 ↑↑	*12.47 ↑↑
IOFC = \$/COW	PREV MO 8.54	8.01	10.68
	YR AGO 7.49	8.48	11.31

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 12/15/21

DEC	JAN	FEB	MAR	APR	MAY	JUN	SPOT CASH	TREND
NFDM 1.539	1.604	1.620	1.613	1.601	1.596	1.589	↑↑	1.6625 ↑↑
WHEY 0.643	0.677	0.670	0.660	0.650	0.640	0.622	↑↑	0.7125 ↑↑
BUTTER 2.079	2.080	2.080	2.105	2.117	2.125	2.123	↑↑	2.1000 ↑↑
CHEESE 1.775	1.882	1.900	1.890	1.883	1.889	1.898	↑↑	See Below

USDA AUG-21 NEW * ALL-MILK BF * MAILBOX

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	CL I ADV ↑↑	*CL II ↑↑	*CL III ↑↑	*CL IV ↑↑	*ALL-MILK-U.S.	*ALL-MILK-PA
	19.17(DEC)	*18.40(NOV)	*18.03(NOV)	*18.79(NOV)	*19.70(OCT) ↑↑	*19.90(OCT) ↑↑

CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW

WEIGHTED AVG. 4-WK	NOV. 1-27, 2021	*NOV. 2021 COMPONENTS
*CHEESE 1.7588	0.2003	1.5585 ↓↓
*BUTTER 1.9503	0.1715	1.7788 ↑↑
*NFDM 1.4769	0.1678	1.3091 ↑↑
*DRYWHEY 0.5825	0.1991	0.3834 ↑↑
		*PROT 2.7536 ↓↓
		*B.FAT 2.1541 ↑↑
		*N.FAT 1.2960 ↑↑
		*OTHER 0.3949 ↑↑

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. DEC. 8, 2021 sale New Holland, PA)

COWS: Fresh	Bred	Springing	HEIFERS: Bred	Springing	Beef x	Open: 300-600 lbs	Beef X	600-900 lbs	900-1000 lbs	BULLS (1000 lb)
1050	1050	1200	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1100

FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)

Choice & Prime 1250-1550 lbs light test	106.00	111.50	81.00	↓↓
BULL CALVES: No. 1 & 2, 90-130 lbs	135.00	230.00	105.00	83.00
70-85 lbs	105.00	250.00	90.00	80.00

PAUCTION MARKETS DEC. 4-9, 2021

Premium White	Breakers	Boners	Lean
63.50 ↑↑	66.35 ↑↑	57.75 ↑↑	45.50 ↓↓

PAUCTION MARKETS COWS (\$/CWT LIVELWEIGHT)

Two Weeks Ago	Year Ago
56.10	54.35

brought to you by:

*AVG = Average basis for North-East and Mid-East

*MARGIN = Milk Price over Feed Cost per cwt. YELLOW = payment triggered



* = NEW

Price averages do not include lower-end common

Average to high dressing