

## MARGIN PROTECTION PROGRAM (MPP) CALCULATIONS

Months	Pay Periods	Corn (\$/bu)	Alfalfa Hay(\$/ton)	Soybean Meal (Central III AMS #GX_GR117)	All Milk(\$/cwt)	Final Feed Costs for MPP - D (\$/cwt)	Milk Margin Above Feed Costs (\$/cwt)	Milk Margin/pay Period*
<b>2015</b>								
	6							
<b>November</b>		3.60	150.00	308.60	18.20	8.18529000	10.01471000	
<b>October</b>	5	3.67	156.00	327.97	17.70	8.48495550	9.21504450	9.08207
<b>September</b>		3.68	157.00	333.62	17.50	8.55091100	8.94908900	
<b>August</b>	4	3.68	159.00	357.85	16.70	8.75640150	7.94359850	7.69510
<b>July</b>		3.80	169.00	375.71	16.60	9.15340850	7.44659150	
<b>June</b>	3	3.58	178.00	335.03	16.90	8.74169450	8.15830550	7.99534
<b>May</b>		3.62	192.00	320.23	16.70	8.86762650	7.83237350	
<b>April</b>	2	3.75	184.00	336.61	16.50	9.01788350	7.48211650	7.50415
<b>March</b>		3.81	172.00	357.83	16.60	9.07381850	7.52618150	
<b>February</b>	1	3.79	172.00	370.38	16.80	9.14460500	7.65539500	7.99554
<b>January</b>		3.81	174.00	380.02	17.60	9.26431500	8.33568500	

Feed costs and monthly milk margins are not rounded before calculating the pay period margin.

### Payment periods

- 01 – January/February
- 02 – March/April
- 03 – May/June
- 04 – July/August
- 05 – Sep/Oct
- 06 – Nov/Dec

Margin values are final when full month data is first available and will not be revised with future data revisions.

\*At a milk margin (all-milk price minus feed cost) of less than \$8.00 per cwt, payments are possible depending on the level of coverage chosen by the dairy operation.

## MARGIN PROTECTION PROGRAM (MPP) CALCULATIONS

### Milk Margin minus Feed Cost Calculation Detail

The feed cost for each month is calculated by summing three calculated numbers:

- 1) the corn price per bushel times 1.0728; **plus**
- 2) the soybean meal price per ton times 0.00735, **plus**
- 3) the alfalfa hay price per ton times 0.0137.

The Milk Margin for each month is then calculated by subtracting the resulting composite feed cost from the all-milk price.

The paired month milk margin is calculated by taking the simple average of the milk margins that were calculated for the individual months in the pairing.

The paired months are specified in the 2014 Farm Bill and are January-February, March-April, May-June, and so on

An example calculation for January-February 2014:

- January corn price is  $4.42 \times 1.0728 = 4.7418$
- January soybean meal price is  $479.54 \times 0.00735 = 3.524619$
- January alfalfa hay price is  $185 \times 0.0137 = 2.5345$

The January feed cost is the sum of these three products above: , which is \$10.80 /cwt.

The January Milk Margin is the All-Milk price, \$23.50 per cwt., minus the feed cost of \$10.80 per cwt. = \$12.70 per cwt.

Performing similar calculations for February yields a \$13.91 per cwt. margin.

\* The January-February Milk Margin is the average of the January and February margins (\$12.70 plus \$13.91, divided by two) and equals \$13.30 per cwt.

\*At a milk margin (all-milk price minus feed cost) of less than \$8.00 per cwt, payments are possible depending on the level of coverage chosen by the dairy operation.

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<b>2014</b>								
December	6	3.78	183.00	431.73	20.40	9.73549950	10.66450050	12.02943
November		3.58	184.00	441.39	23.00	9.60564050	13.39435950	
October	5	3.56	194.00	381.50	24.90	9.28099300	15.61900700	15.51136
September		3.48	197.00	525.72	25.70	10.29628600	15.40371400	
August	4	3.63	209.00	490.32	24.10	10.36141600	13.73858400	13.21062
July		4.05	216.00	450.79	23.30	10.61734650	12.68265350	
June	3	4.49	222.00	501.72	23.20	11.54591400	11.65408600	11.95748
May		4.71	224.00	519.38	24.20	11.93913100	12.26086900	
April	2	4.71	206.00	514.01	25.30	11.65306150	13.64693850	13.87422
March		4.51	191.00	495.71	25.20	11.09849650	14.10150350	
February	1	4.35	188.00	509.25	24.90	10.98526750	13.91473250	13.30692
January		4.42	185.00	479.54	23.50	10.80089500	12.69910500	

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<b>2013</b>								
December	6	4.41	187.00	498.31	22.00	10.95552650	11.04447350	11.04319
November		4.35	188.00	451.13	21.60	10.55808550	11.04191450	
October	5	4.61	193.00	443.63	20.90	10.85038850	10.04961150	9.01041
September		5.40	194.00	500.39	20.10	12.12878650	7.97121350	

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