

MARGIN PROTECTION PROGRAM (MPP) CALCULATIONS

Months	Pay Periods	Corn (\$/bu)	Alfalfa Hay(\$/ton)	Soybean Meal (Central III AMS #GX_GR117)	All Milk(\$/cwt)	Preliminary Feed Costs for MPP - D (\$/cwt)	Final Feed Costs for MPP - D (\$/cwt)	Milk Margin Above Feed Costs (\$/cwt)	Milk Margin/pay Period*
2015									
February	1	3.79	172.00	370.38	16.80	NA	9.1446050	7.6553950	7.9955400
January		3.81	174.00	380.02	17.60	NA	9.2643150	8.3356850	
2014									
December	6	3.78	183.00	431.73	20.40	9.73	9.7354995	10.6645005	12.0294300
November		3.58	184.00	441.39	23.00	9.59	9.6056405	13.3943595	
October	5	3.56	194.00	381.50	24.90	8.97	9.2809930	15.6190070	15.5113605
September		3.48	197.00	525.72	25.70	10.19	10.2962860	15.4037140	
August	4	3.63	209.00	490.32	24.10	10.43	10.3614160	13.7385840	13.2106188
July		4.05	216.00	450.79	23.30	10.35	10.6173465	12.6826535	
June	3	4.49	222.00	501.72	23.20	11.42	11.5459140	11.6540860	11.9574775
May		4.71	224.00	519.38	24.20	11.94	11.9391310	12.2608690	
April	2	4.71	206.00	514.01	25.30	11.67	11.6530615	13.6469385	13.8742210
March		4.51	191.00	495.71	25.20	11.13	11.0984965	14.1015035	
February	1	4.35	188.00	509.25	24.90	11.12	10.9852675	13.9147325	13.3069188
January		4.42	185.00	479.54	23.50	10.75	10.8008950	12.6991050	
2013									
December	6	4.41	187.00	498.31	22.00	10.84	10.9555265	11.0444735	11.0431940
November		4.35	188.00	451.13	21.60	10.49	10.5580855	11.0419145	
October	5	4.61	193.00	443.63	20.90	10.72	10.8503885	10.0496115	9.0104125
September		5.40	194.00	500.39	20.10	12.00	12.1287865	7.9712135	

NA = not available.
January 2015 NASS stopped publishing preliminary numbers for

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 minus feed costs of \$8 or less, payments are possible depending on the level of coverage chosen by the dairy producer.

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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.