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Dairy EXCELLENCE
Dairy Week In Review

Dated February 6, 2023



Markets: (Prices from February 6 Settlement)

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Feb)	\$17.84/cwt.	▼ 0.2 %	▼ 5.4 %	▼ 13.7 %
Class IV Milk Price (Feb)	\$18.76/cwt.	—	▼ 3.4 %	▼ 20.5 %
Com (March)	\$ 6.79/bushel	▲ 0.4 %	▲ 3.9 %	▲ 5.1 %
SBean Meal (March)	\$489.00/ton	▲ 1.8 %	▼ 1.5 %	▲ 5.9 %
DMC Margin (December)*	\$ 9.76/cwt.	—	▼ 10.4 %	▲ 2.4 %

*Each issue of "Dairy Week in Review" will report on the most recent Milk Margin published through USDA's Dairy Margin Coverage Program. This margin is published each month after the USDA Ag Prices Report is released.

- USDA announced the January 2023 Class III milk price at \$19.43 per cwt., down \$1.07 from December and 95 cents under year-ago levels. The Class IV price was announced at \$20.01 per cwt., down \$2.11 from December and \$3.08 below last January. Milk futures show more erosion in the milk price, with Class III futures for the remaining 11 months in 2023 averaging \$18.90 per cwt, while Class IV futures average \$19.43 per cwt. Class III prices are expected to dip below \$18 for the first three months of 2023 before increasing to over \$19 for the last six months of the year. Class IV prices are more stable, expected to range between \$18.76 and \$19.79.

Government and Industry:

- USDA announced that it was issuing a second round of payments through the Pandemic Market Volatility Assistance Program (PMVAP) using the \$100 million that went unspent during the first round of payments. Up to \$100 million will be allocated to the Farm Service Agency (FSA) to implement a new Organic Dairy Marketing Assistance Program (ODMAP) using Commodity Credit Corporation funds remaining from other pandemic assistance programs. ODMAP aims to help smaller organic dairy farms that have been confronted with unique challenges and higher costs that have been compounded by the ongoing pandemic and drought conditions over the past several years.
- The original PMVAP program, implemented by the Agricultural Marketing Service (AMS) arm of the USDA, provided \$350 million in funds to help dairy farmers recoup some of the financial losses realized during July – December 2020 caused by unusual market conditions that resulted from the COVID-19 pandemic. The original eligible annual milk production was capped at 5 million pounds. Once payments went out and the auditing process was concluded last year, the 5-million-pound cap resulted in unused funds. In an effort to help mid-sized dairies and to use the remaining funds, the cap was increased to between 5 million and 9 million pounds of annual production. Payments will be identical to the first round of payments at 80% of the revenue difference per month on fluid milk sales from 5 million to 9 million pounds from July through December 2020. The USDA will again distribute monies through agreements with independent milk handlers and milk cooperatives.
- The payments are calculated based on the amount of pooled milk and Class I fluid sales. Each milk handler pools different amounts of milk each and has a different amount of fluid milk sales each month, so a standardized estimated payment is not possible to calculate. Milk handlers will provide AMS with the required pooled and financial data and then AMS will determine how much money the individual milk handler has to distribute among its producers. AMS has now contacted eligible milk handlers with eligible producers to notify them of the opportunity to participate. No tentative date has been set for scheduled payments.