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Dairy EXCELLENCE
Dairy Week In Review

Dated February 15, 2023



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Feb)	\$17.93/cwt.	▲ 0.5 %	▼ 7.9 %	▼ 13.6 %
Class IV Milk Price (Feb)	\$18.97/cwt.	▲ 1.1 %	▼ 4.0 %	▼ 20.7 %
Corn (March)	\$ 6.76/bushel	▼ 0.5 %	▼ 0.8 %	▲ 4.5 %
SBean Meal (March)	\$491.10/ton	▲ 0.4 %	▲ 2.7 %	▲ 9.4 %
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.

- According to the U.S. Dairy Export Council (USDEC) and USDA data, the U.S. exported a total volume of 2.402 million metric tons (MT) during 2022, an increase of 119,022 MT (+5%) compared to 2021. This makes 2022 the third consecutive year for record total volume. With higher-than-normal dairy product prices through 2022, the previous value record, \$7.703 billion, set during 2021 had already been eclipsed in October 2022. November and December added to that record for a grand 2022 total export value of \$9.614 billion.
- Only two of the top 11 dairy product categories experienced declines during 2022. Whole milk powder, the 7th highest volume category, was basically flat, with a year-over-year decrease of 1% (-451 metric tons). Nonfat dry milk/skim milk powder (NDM/SMP) volume was down YOY by 6% (-54,136 MT). This is important because NDM/SMP is the largest dairy export product. However, USDEC notes that the main reason for NDM/SMP being down was not due to lack of demand. With lower milk production and strong demand for higher value dairy products in 2022, dairy product production shifted away from NDM/SMP. This resulted in limited product availability to send across U.S. borders. Although NDM/SMP volume was down, it still remained the largest volume category at 827,313 MT exported, but fell short of 2021's record 881,449 MT.
- Dry whey, cheese, and lactose made notable YOY gains that resulted in record highs. Dry whey was the second highest volume dairy product exported with 667,201 MT leaving U.S. borders during 2022. This was 53,196 MT (+9%) more than 2021's record volume. At 452,438 MT, lactose exports exceeded 2021's record volume by 62,614 MT (+16%) and it was the third highest volume category. Cheese was the fourth highest volume category at 451,370 MT and represented a new record volume, exceeding 2021's record by 48,913 MT (+12%). Cheese and lactose exports have alternated between third and fourth place over the last few years. Cheese exports ranked third in 2021 and fourth in 2020. Butterfat rounds out the top five dairy export categories with 81,721 MT exported in 2022. This was 43% more than 2021, but still fell short of the 2013 record of over 90,000 MT to settle as the second highest butterfat volume total.
- According to the USDA Agricultural Supply and Demand Estimates report, less demand for soybean meal is expected to drive soybean crush forecasts down 15 million bushels from last month to 2.23 billion bushels. Export estimates were unchanged, with ending stocks of soybeans up 15 million to 225 million bushels. The US season-average soybean price for 2022/23 is forecast at \$14.30 per bushel, up 10 cents from last month. Season-average corn prices were unchanged at \$6.70 per bushel, with ending stocks increased by 25 million bushels from a month ago due to decreased use through the ethanol market. Milk supplies forecasted for 2023 were lowered, with weaker milk prices expected to weigh on cow inventories. Class III and IV milk prices were both lowered from last month, with the all-milk price reduced to an average of \$20.70 per cwt.
- The dairy price index on the latest Global Dairy Trade auction is up 3.2 percent to \$3,456 per metric ton, marking the first session in four where the price went up. Butter prices were up 6.6 percent, while Cheddar cheese prices were up 2.3 percent. Whole milk powder prices were up 3.8 percent, while skim milk powder prices were flat.

Government and Industry:

- USDA Dairy Margin Coverage enrollment data for 2023 has been published, with 16,683 dairy operations enrolled in the program nationwide representing about 46 percent of all dairies in the US. In Pennsylvania, 1,722 dairy operations enrolled in the program, representing about 33 percent of dairies in the Commonwealth. That is up by 14 farms from last year. Currently the program is projecting margins below the \$9.50 trigger level in the first nine months of this year, with January's margins expected to be announced around February 28. The net benefit on 1 million pounds in production protected at the \$9.50 level is currently estimated at \$15,971.