

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Feb)	\$16.11/cwt.	▼ 0.5 %	▲ 5.9 %	▼ 9.3 %
Class IV Milk Price (Feb)	\$19.90/cwt.	—	▲ 3.3 %	▲ 7.3 %
Corn (March)	\$ 4.14/bushel	▲ 0.7 %	▼ 7.4 %	▼ 35.4 %
SBean Meal (March)	\$ 331.3/ton	▼ 1.5 %	▼ 8.9 %	▼ 32.6 %
DMC Margin (December)*	\$ 8.44/cwt.	—	▼ 11.8 %	▼ 22.6 %

**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.*

- Cheese and butter inventories were both from a year ago in January. In the latest USDA Cold Storage report, total cheese stocks as of Jan. 31 were at 1.45 billion pounds, up 0.5 percent from a year ago but down 0.8 percent from last month. Inventories of American-style cheeses were down slightly from a month ago but up 1.6 percent from a year ago. Butter stocks were up 50 million pounds from December to 24 million pounds, down 5.8 percent from a year ago.
- Milk production in several other key dairy regions across the globe fell in the past couple of months. Argentina's milk production was down 12.7 percent from a year ago to 834 million liters in January, the lowest January volume since 2019. New Zealand milk production was also down in January, falling 1.2 percent from a year ago to 2.32 million metric tons. The European Union and United Kingdom's collective milk production fell 0.7 percent year over year in December, with January numbers not yet released.
- The Class I base price for March was announced at \$18.80 per cwt., up 81 cents from February but 19 cents below a year earlier levels.

Government:

- USDA opened Dairy Margin Coverage (DMC) enrollment for the 2024 Program Year on February 28. Those farms that enroll early could potentially receive a payment on January milk within the next couple of weeks, depending on where the margin falls. As of February 27, the January margin under the DMC Program was forecast at \$8.46 per hundredweight, which would provide an indemnity payment of \$1.04 per cwt., or just over \$800 on a million pounds of production. The enrollment period will remain open until April 29th, with payments retroactive to January milk.
- With this enrollment, USDA has extended the DMC Program through 2024, which means that any producers who enrolled in the five-year lock in discounted premiums now get a bonus sixth year for those discounted premiums. The Supplemental Production History that was added to the program in 2022 was also rolled into the program on a permanent basis through a new Adjusted Production History. That means that your locked-in discount is extended to that total Adjusted Production History.
- Since DMC began in 2019, the DMC Program has paid out nearly \$2.1 billion in indemnities through 2023. At the maximum \$9.50 per cwt. margin coverage, indemnities were above the premium level in every year. DMC indemnities were the highest in 2023, with payments triggered in 11 out of 12 months. Prices in 2023 yielded a record low margin of \$6.70 per cwt. average for the year. For those farms covered at the maximum \$9.50 margin coverage level, DMC provided a net benefit of \$2.50 per cwt. in 2023, or just under \$25,000 for every 1 million pounds covered. Contact your local FSA Office to make an appointment to sign up for the 2024 Program Year.
- Earlier in February, Governor Josh Shapiro announced that his budget proposal for the Commonwealth of Pennsylvania included \$5.6 million in funding to assist dairy farmers in protecting their risks through the DMC Program. Details of what that assistance will look like for an individual farm are still being drafted, and that funding would have to stay in the budget as it moves through the General Assembly for a vote later this summer before it is authorized. However, other states have seen success in increasing enrollment in the program by either subsidizing or covering premium costs for farms to enroll. If this would pass in Pennsylvania, it would likely be for the 2025 enrollment year.