

CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated March 1, 2023



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (March)	\$17.75/cwt.	▼ 0.4 %	▼ 0.8 %	▼ 20.3 %
Class IV Milk Price (March)	\$18.55/cwt.	▼ 1.9 %	▼ 1.2 %	▼ 25.7 %
Corn (March)	\$ 6.40/bushel	▼ 5.1 %	▼ 5.4 %	▼ 13.4 %
SBean Meal (March)	\$490.4/ton	▼ 0.5 %	▲ 2.1 %	▲ 5.7 %
DMC Margin (January)*	\$ 7.94/cwt.	—	▼ 18.7 %	▼ 31.2 %

*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.

- Global Dairy Trade (GDT), EU, and U.S. milk prices for butter, cheese, and nonfat dry milk/skim milk (NDM/SMP) are relatively similar. Cheese and NDM/SMP prices among these three markets are within 15 cents per pound of each other. Cheese is the only category that continues to provide the U.S. with a slight advantage, with an average January price (for cheddar, 40-pound blocks) of \$1.96 per pound compared to \$2.21 per pound for GDT and \$2.27 per pound in the EU. U.S. powder production has picked up over the last few months as U.S. milk production has ticked up over the same period. The major thing holding powder exports back during 2022 was not price-related but supply-related. With lower global milk supply last year, milk production across the globe was manufactured into higher value products like butter and cheese instead of powder.
- As powder availability has increased, demand is picking up internationally. Since the U.S. exports around 80% of the NDM/SMP produced in the nation, its price is more susceptible to international demand changes. However, butter stocks are building because the domestic market (the major market for butter) is declining and causing stocks to build. Based on Class IV futures prices as of February 27, the 12-month average Class IV price has improved 56 cents per cwt compared to the end of January to \$19.60 per cwt. This is \$2.12 per cwt more than the five-year rolling average, but \$4.87 per cwt less than what Class IV averaged during 2022. If domestic butter sales continue to be challenged, it may be hard to support a continued increase in the Class IV price in the short term.
- Class III milk price stayed relatively flat compared to one month ago, averaging \$18.94 over the next 12 months. This is a slight 7 cents per cwt decline relative to the average price at the end of January. January cheese stocks posted a small year-over-year (YOY) decline of 0.3% and an equivalent 0.3% month-over-month decline. This will hopefully provide support to the Class III price in the short term. The current February 27, 12-month average is \$1.10 per cwt more than the five-year average, but it is \$3.02 per cwt less than what Class III averaged during 2022.
- USDA announced the January margin under the Dairy Margin Coverage Program at \$7.94 per hundredweight, down \$1.84 per cwt from December and \$3.60 below last January's margin. The All Milk price was down \$1.50 from December and was \$1 below a year ago levels at \$23.10 per cwt. Feed costs were up 20 cents from December to \$15.16 per cwt.

Government and Industry:

- The Center will join the Professional Dairy Managers of Pennsylvania and the Pennsylvania Beef Council to host a series of five animal care workshops across the state in March and April. These workshops will focus on hands-on skill-building to help farmers and their employees meet National FARM compliance. Stations will include calf care, dry cow management, biosecurity, and animal handling. A certificate of completion will be provided at the end of each workshop. The first one will be on Tuesday, March 14, at Scattered Acres Farms in Reinholds, Lancaster County. For more information or to register, visit centerfordairyexcellence.org/animal-care or call 717-346-0849.
- A bipartisan group of senators, led by Sens. Tammy Baldwin, D-WI; Jim Risch, R-ID; Peter Welch, D-VT, and Susan Collins, R-ME, are planning to reintroduce the DAIRY PRIDE Act. The Defending Against Imitations and Replacements of Yogurt, Milk, and Cheese To Promote Regular Intake of Dairy Everyday Act" aka DAIRY PRIDE, requires FDA to enforce its standards of identity and would supersede the inadequate solution it offered last week, in which plant-based beverages could call themselves "milk" as long as they clearly state their nutritional differences with real dairy. While the long-awaited guidance acknowledges the need to address consumer confusion, it does not resolve the cause of the problem, which is imitators using dairy terms. The logical solution is to limit dairy terms to dairy products, which DAIRY PRIDE would achieve.