



Dated March 6, 2024

## Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (March)	\$16.53/cwt.	▲ 2.6 %	▲ 2.4 %	▼ 7.4 %
Class IV Milk Price (March)	\$19.99/cwt.	▲ 0.4 %	▼ 0.7 %	▲ 6.5 %
Corn (March)	\$ 4.18/bushel	▲ 0.9 %	▼ 3.7 %	▼ 38.5 %
SBean Meal (March)	\$ 334.3/ton	▲ 0.9 %	▼ 4.9 %	▼ 31.5 %
<b>DMC Margin (January)*</b>	<b>\$ 8.48/cwt.</b>	—	▲ 0.4 %	▲ 6.8 %

*\*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 February Class III milk price at \$16.68 per hundredweight, up 91 cents from January but down \$1.70 from a year ago. The February Class IV price was announced at \$19.85 per cwt., up 46 cents from January and 99 cents above last February's price. Looking ahead, Class III futures prices average \$16.56 for the next four months and increase to an average of \$18.44 for the last half of 2024. Class IV futures prices average \$19.98 for the next four months before increasing to an average of \$20.92 for the last half of the year.
- The January Dairy Margin Coverage (DMC) margin was announced as \$8.48 per hundredweight (cwt) (Table 1). Indemnities were triggered at the \$8.50 up to \$9.50 margin coverages. The January margin is a four cents per cwt improvement over December 2023, driven by 54 cents per cwt drop in the total DMC feed cost that surpassed a 50 cents per cwt drop in the U.S. all milk price. Corn price dropped six cents to \$4.74 per bushel. This slight drop in corn price represents a \$2.14 per ton drop in the corn price to \$169.29. Alfalfa hay price dropped a slight \$1 per ton to \$274. Soybean meal (SBM) accounted for the largest drop, falling \$62.20 to \$378.40 per ton. Total DMC feed cost was \$11.62 per cwt. The January U.S. all milk price was announced as \$20.10 per cwt.
- The announced January margin results in an indemnity of \$1.02 per cwt on 1/12 of enrolled production history. This equates to a January net payment after the 5.7% sequestration fee of about \$802 per 1 million pounds of production history enrolled up to the 5-million-pound, Tier 1 cap. The payment to dairy operations that maximize the Tier 1 cap is about \$4,008. This payment is guaranteed even though the enrollment period is currently open and pays just over half the premium of the maximum \$9.50 margin coverage for the coverage year.
- USDA released its Estimated Fluid Milk Product Sales Report for 2023, showing that 42.6 billion pounds of milk moved through the fluid category, down about 1.5 percent from 2022. With a total of 226.36 billion pounds of milk produced nationally in 2023, that represents just under 18 percent of total milk utilization in the US. In the past 10 years, sales in the fluid milk category have fallen 17 percent. The only major segment of the category to show growth in 2023 was whole milk, with conventional whole milk sales up 1 percent and organic whole milk sales up 4.9 percent. Sales of other fluid milk products (like eggnog) were up 18 percent, still a very segment of the total category.

## Government:

- USDA opened Dairy Margin Coverage (DMC) enrollment for the 2024 Program Year on February 28. The enrollment period will remain open until April 29<sup>th</sup>, with payments retroactive to January milk. However, farms that enroll early could receive a payment on January milk within the next couple of weeks. To enroll, contact your local FSA office to schedule an appointment.