

CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated March 29, 2023



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (March)	\$18.06/cwt.	▲ 0.1 %	▲ 1.4 %	▼ 19.5 %
Class IV Milk Price (March)	\$18.42/cwt.	▲ 0.1 %	▼ 2.6 %	▼ 25.9 %
Corn (May)	\$ 6.50/bushel	▲ 2.6 %	▼ 3.4 %	▼ 14.3 %
SBean Meal (May)	\$458.9/ton	▲ 1.5 %	▼ 7.0 %	▼ 5.6 %
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.

- The herd size in the U.S. increased to 9.417 million in February, up 37,000 (+0.4%) compared to last year. The national herd also increased month-to-month with 12,000 cows more than January 2023. Average milk production per cow also increased by nine pounds compared to last February to 1,877 pounds per cow. With more cows producing more milk than one year ago, total production climbed by 0.8% to 17.675 billion pounds during February 2023. This is 135 million more than February 2022.
- Pennsylvania's herd size decreased YOY by 2,000 cows (-0.4%) to 466,000 in February 2023. However, this is the second month in a row that Pennsylvania was able to maintain its herd size. Milk cow efficiency was improved with a slight four-pound per cow (+0.2%) increase to 1,675 pounds per cow. Pennsylvania's February milk production per cow lags the national average by 202 pounds (10%). The slight increase in milk efficiency was not enough to offset the reduction in cow numbers to keep total production growth positive compared to one year ago. Total milk production across the Keystone State was relatively flat but did drop 1 million pounds (-0.1%) compared to February 2022 to 871 million pounds.
- Since November 2021, Class III and IV milk prices have been inversed from the historical "normal" prices. Class IV has been higher than III every month except May 2022. This trend continues through this month, but Class III surpasses Class IV in April and stays higher through October before prices inverse again to basically finish out the year. As of March 27 closing prices, the 12-month average Class III price has improved a slight 18 cents to \$19.12 per cwt since the end of February. This is \$1.21 more than the 5-year average price of \$17.91 per hundredweight.
- January exports started 2023 off strong, improving by 25,026 (+16%) metric tons (MT) of milk solids equivalents YOY to 181,676 MT. Exports of nonfat dry milk/skim milk powder (NDM/SMP), whey, lactose, and cheese—the top four dairy export categories— all experienced double-digit improvements to drive YOY export growth. Export value also continued its YOY increase. January U.S. dairy exports were valued at \$710.9 million, \$121.4 million (+21%) more than January 2022. Export growth this year will be challenged by an overall reduction in international dairy product prices. More competitive European cheese, butter, and skim milk powder prices will be headwinds for the U.S. in terms of continued YOY growth compared to last year. New Zealand is still experiencing milk production issues. However, their prices are similar to U.S. and European prices. This perhaps could make them more competitive from a location standpoint to international buyers such as China where freight costs may be reduced relative to product coming from the U.S. or Europe.
- USDA's Cold Storage report shows cheese inventories virtually unchanged in February compared to last month. Total cheese stocks were down 0.02 percent to 1.446 billion pounds, falling 1.4 percent from a year ago. American cheese stocks were down 0.8 percent from last month, down 2 percent from a year ago. Butter stocks, on the other hand, grew, up 11.6 percent from last month to nearly 295 million pounds in storage, up 12.2 percent from a year ago.

Government and Industry:

- The Penn State Extension Dairy Team is hosting a Hoof Health Workshop at Raising Kane Farm in Pleasant Hall, Franklin County, on Tuesday, April 11, from 9:30 a.m.—2 p.m. Participants will learn about hoof care and trimming techniques. The workshop will also include a session on the importance of dairy facility design and lameness prevention. To learn more or register, go to extension.psu.edu/hoof-health-workshop-for-dairy.
- The next Animal Care Workshop hosted by Penn State, PDMP, the PA Beef Council and the Center for Dairy Excellence will be on Wednesday, April 12, at Lone Oak Farms in New Alexandria, Westmoreland County. The workshop will be from 9:30 a.m. - 3 p.m. and will offer FARM training certification. To register, call the Center at 717-346-0849.