

CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated April 5, 2023



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (March)	\$18.10/cwt.	▲ 0.2 %	▲ 2.6 %	▼ 24.4 %
Class IV Milk Price (March)	\$18.38/cwt.	▼ 0.3 %	▼ 0.2 %	▼ 26.9 %
Corn (May)	\$ 6.52/bushel	▲ 0.3 %	▲ 2.5 %	▼ 13.8 %
SBean Meal (May)	\$450.6/ton	▼ 1.9 %	▼ 10.2 %	▼ 2.5 %
DMC Margin (February)*	\$ 6.19/cwt.	—	▼ 22.1 %	▼ 43.7 %

*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 March Class III price at \$18.10 per hundredweight, up 32 cents from February but down \$4.35 from a year ago. The Class IV price was announced at \$18.38 per cwt., down 48 cents from February and \$6.44 below last March levels. Class III futures prices on the CME average \$18.99 for the last three quarters of 2023, while Class IV prices average \$18.49 per cwt., both well below last year's levels.
- The dairy price index on the latest Global Dairy Trade auction is also down, falling 4.7 percent to \$3,227 per metric ton. This is the largest decline in 2023 and the fourth consecutive session-to-session decline in a row. Cheese prices were up 3.8 percent, while all other commodities were down. Whole milk powder was down 5.2 percent, while butter was down 3.3 percent and skim milk powder was down 2.5 percent.
- USDA also announced the February DMC margin at \$6.19 per cwt, its lowest since August 2021 when the margin was \$5.03 per cwt. The February margin triggers indemnities for the second month in a row, this time at the \$6.50 up to \$9.50 per cwt margin coverages. Compared to January, the DMC margin fell \$1.72 per cwt. Milk price was responsible for \$1.50 of that drop, falling to \$21.60 per cwt. Feed price increases were responsible for the remainder of the drop in the margin with soybean meal (SBM) and corn both increasing which easily offset a decrease in the alfalfa hay cost. The superior alfalfa hay price averaged \$324.00 per ton in February, \$4 less than January. The national corn price averaged 16 cents more than January at \$6.80 per bushel. This is equal to \$242.86 per ton or \$5.72 per ton more than January. SBM price jumped \$18.13 to average \$500.53 per ton.

Government and Industry:

- Based on the March 30, 2023 DMC Decision Tool, the DMC margin is expected to continue to remain below the maximum \$9.50 per cwt margin coverage through October. Milk price is expected to improve during the second half of the year while feed cost is expected to decrease. Feed cost remains historically high, offsetting what traditionally has been a decent milk price. The U.S. all-milk price is expected to average \$21.56 per cwt for the rest of the year while feed cost is expected to average \$13.53 per cwt. At the current projections, DMC provides a U.S. all-milk price floor of \$23.03 per cwt. If the current projections were to become reality, DMC will provide a net benefit of \$1.46 per cwt for the year.
- 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. To learn more or register, go to extension.psu.edu/hoof-health-workshop-for-dairy.
- The next Animal Care Workshop 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.