

CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated June 6, 2023



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (June)	\$15.24/cwt.	▼ 5.8 %	▼ 7.1 %	▼ 41.0 %
Class IV Milk Price (June)	\$18.11/cwt.	▼ 0.1 %	▲ 0.6 %	▼ 29.7 %
Corn (July)	\$ 6.08/bushel	▲ 2.3 %	▼ 5.3 %	▼ 16.1 %
SBean Meal (July)	\$396.7/ton	▲ 0.8 %	▼ 4.7 %	▼ 4.9 %
DMC Margin (April)*	\$ 5.84/cwt.	—	▼ 4.0 %	▼ 52.5 %

*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 May Class III milk price at \$16.11 per cwt., down \$2.41 from April and \$9.10 below year-ago levels. May's Class III price is the lowest since August 2021. The Class IV price was announced at \$18.10 per cwt., up 15 cents from April but down \$6.89 from a year ago.
- Butter production was up 7.6 percent from a year ago to 195 million pounds in April, down 4.9 percent from March. Milk powder production, however, fell 2.6 percent year-over-year to 234.149 million pounds of nonfat and skim milk powder combined. Skim milk powder production was down 22.6 percent, while nonfat milk powder production was up 1.9 percent. Total cheese production was down slightly, falling 0.2 percent year over year to 1.171 billion pounds. American type cheese product was up 2.3 percent to 488 million pounds, according to USDA's Dairy Products Report.
- The April Dairy Margin Coverage (DMC) margin was announced late last week as \$5.84 per cwt. This is the lowest it has been since August of 2021 when the DMC margin set a record low at \$5.03 per cwt. The April margin represents the third lowest margin in program history. The DMC margin is calculated each month by summing the total announced corn, soybean meal, and superior alfalfa hay prices on a per cwt basis and subtracting that from the announced U.S. all-milk price. Even though the total DMC feed cost has declined for two consecutive months, the U.S. milk price has been declining since last October 2022. The April milk price of \$20.70 per cwt is \$5.20 less than what it was last October, while April's \$14.86 per cwt feed price is only 33 cents less than what it was then. This combination makes for a current DMC margin that is much lower. The April margin is \$4.87 per cwt less than it was last October.
- According to the June 5 dated online DMC Decision Tool, there is not any relief soon. The milk price is expected to continue to decline through this month to a low of \$18.58 per cwt. Beginning in July, the milk price is projected to increase every month through the end of the year, but it is only expected to increase to \$21.90 by November. The projected increase is not enough to offset feed costs to push the margin above the maximum \$9.50 margin coverage for the rest of the year. The May margin is projected to be a record low, dropping below \$5 for the first time in program history, to \$4.99 per cwt followed by a new record low of \$4.14 per cwt projected for June. The margin is expected to surpass the \$5 mark again in July and increase to \$9.43 per cwt in December, still seven cents shy of the maximum DMC margin coverage.

Government & Industry:

- U.S. Representatives Glenn "GT" Thompson (R-PA) and Kim Schrier (D-WA), along with 36 members, recently introduced the Whole Milk for Healthy Kids Act, which will allow for unflavored and flavored whole milk to be offered in school cafeterias. The Whole Milk for Healthy Kids Act of 2023 highlights the many health benefits and nutrients milk provides to young Americans, including better bone health, lower blood pressure and reduced risk of cardiovascular disease or Type 2 diabetes.