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Dairy EXCELLENCE
 Dairy Week In Review

Dated June 28, 2023



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (June)	\$14.91/cwt.	▼ 0.3 %	▼ 10.8 %	▼ 34.7 %
Class IV Milk Price (June)	\$18.26/cwt.	▲ 0.8 %	▲ 0.7 %	▼ 28.9 %
Com (July)	\$ 5.91/bushel	▼ 12.1 %	▼ 0.7 %	▼ 23.3 %
SBean Meal (July)	\$401.8/ton	▼ 8.7 %	▲ 2.1 %	▲ 13.3 %
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.*

- After a sizable drop in the Class III futures prices from April through May, Class III futures prices continued to decline through June. Based on June 26 closing prices it appears that Class III milk price at \$14.93 may close below \$15 per cwt for the first month since it was \$12.14 in May 2020. July Class III bottoms out at \$14.83 before improving to around \$18 per cwt later this year and into Spring 2024. The average 12-month Class III price equals \$17.15 per cwt, 69 cents less than the end of May. The five-year rolling average price of \$18.07 per cwt in June makes this month the second consecutive month that the average futures price was less (-92 cents per cwt) than the five-year average.
- The trend for declining Class IV prices also continued through June. After two months of less than 10 cents per cwt declines month-to-month, the current 12-month average price dropped 45 cents to \$18.37 per cwt. However, unlike Class III, the average futures price is still above the 5-year average price of \$17.36 per cwt by \$1.01. Class IV price hits a low of \$17.80 in August before improving into the \$18.50 to \$18.70 range during November through next spring.
- USDA announced the July Class I milk price at \$17.32 per cwt., down 69 cents from last month and \$8.55 below year-ago levels. It is the lowest Class I price announced since June 2020 when COVID caused the Class I price to fall to a low of \$14.18 per cwt.
- The USDA Cold Storage report shows total cheese stocks at the end of May at 1.490 billion, up 1 percent from April but down 1.5 percent from a year ago levels. Despite falling from a year ago, cheese stocks are still at the second highest on record for May. Inventories of American-style cheeses were up 10.6 million pounds from a month ago to 852.5 million pounds. Butter stocks jumped 35.2 million pounds, or about 11 percent, from April to 366.69 million pounds, up 14 percent from year-ago levels. Butter stocks are at their highest for May since 1990.
- April milk production in the European Union is up 0.8 percent from a year ago to 31.2 billion pounds. However, compared to two years ago, milk production in the EU-27 is still down 0.7 percent.
- USDA's latest Livestock Slaughter report shows 249,100 head of dairy cows culled in May, up 23,900 head from a year-ago levels, with higher beef prices and lower milk prices pushing more cows to market. Since January, 1,362,200 dairy cows have gone to market, up 66,000 head from a year ago or nearly a 6 percent jump in dairy cow slaughter for the year.

Government & Industry:

- Elected leaders in Harrisburg celebrated June Dairy Month at the Capitol last Thursday, with Chairs of the House and Senate Ag Committees joining Secretary Redding in celebrating dairy's contribution to the Commonwealth. A proclamation on June Dairy Month was presented to the Pennsylvania dairy royalty from Governor Josh Shapiro.