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Dairy EXCELLENCE
 Dairy Week In Review

Dated July 20, 2022



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (July)	\$22.51/cwt.	▼ 1.0 %	▼ 7.5 %	▲ 35.5 %
Class IV Milk Price (July)	\$25.86/cwt.	▲ 0.3 %	—	▲ 62.7 %
Corn (September)	\$ 5.90/bushel	▼ 20.3 %	▼ 22.4 %	▲ 3.1 %
SBean Meal (September)	\$436.3/ton	▼ 5.8 %	▲ 1.1 %	▲ 19.4 %
DMC Margin (May)*	\$ 12.51/cwt.	—	▲ 1.8 %	▲ 87.6 %

*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 latest USDA Livestock Slaughter report shows fewer dairy cows headed to market in 2022 than in 2021, despite higher beef prices. From January through May, 38,000 fewer dairy cows were sent to slaughter, down about 3 percent from a year ago. That declining trend reversed in May, though, with dairy cow slaughter up 1,800 head or 0.8 percent from a year ago to 225,200 head. At the same time, dairy heifer inventories are declining. USDA reported those inventories at 2.84 million head in January, down 9 percent from 2016's peak of 3.12 million dairy heifers in inventory and a 17 year low in the US.
- The dairy price index on the latest Global Dairy Trade auction was down 5 percent to \$4,166 per metric ton, marking the largest session-to-session decline since early May. Eight of the last nine GDT sessions have posted session-to-session declines, despite production challenges in several key dairy regions across the globe. Powder prices took the largest hit this time, with skim milk powder down 8.6 percent and whole milk powder down 5.1 percent. Cheddar prices were down 2 percent, while butter prices fell 2.1.
- Milk production in key dairy regions continues to shrink, with Australia's milk production down 8.8 percent year-over-year to 1.35 billion pounds in May. June is the last month of the Australia 2021-2022 season, with the season-to-date output down 3.6 percent from a year ago. Herd size in the Kiwi region continues to shrink, with producers challenged by labor restrictions and increasing costs for both energy and feed.
- USDA announced the August Class I base milk price at \$25.13 per cwt., down 74 cents from its peak in June and July but up \$8.23 from a year ago. The Class I price has remained above \$25 for the past four months and has averaged \$23.87 so far this year, well above last year's average of \$16.83 per cwt.

Government and Industry:

- A new bill was introduced in the US Congress that encourage additional infant formula supply imports as a temporary way to ease short-term supply shortfalls in the U.S. market. The "Formula Act," H.R. 8351, would waive U.S. tariffs on infant formula imports through the end of 2022 to ensure that the domestic market has the supplies of formula it needs as it recovers from an acute processing capacity crisis that's created nationwide infant-formula shortages. National Milk Producers Federation is supporting the bill, but urging support for boosting domestic production of infant formula long term.