

CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated August 31, 2022



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Sept)	\$19.62/cwt.	▼ 2.2 %	▼ 2.7 %	▲ 15.8 %
Class IV Milk Price (Sept)	\$24.02/cwt.	▼ 2.4 %	▼ 4.9 %	▲ 48.1 %
Corn (September)	\$ 6.73/bushel	▲ 2.6 %	▲ 13.8 %	▲ 30.8 %
SBean Meal (September)	\$458.9/ton	▼ 1.8 %	▼ 6.2 %	▲ 33.6 %
DMC Margin (June)*	\$ 11.92/cwt.	—	▼ 4.8 %	▲ 97.7 %

**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.*

- The all-milk price for July was announced at \$26.90 per cwt, according to the latest USDA Ag Prices report. That's flat from June's all-milk price and about 50 cents below May's high. Feed prices though were higher in July, with corn and soybean prices both increasing from last month. Preliminary calculations have this month's DMC Margin at \$9.92 per cwt., just above the \$9.50 threshold for a payment. Based on current futures prices, the DMC decision tool is projecting the margin to fall below \$9.50 for the months of August through October of this year, with higher feed costs and lower milk prices projected to collide.
- Milk production in the European Union continues to fall but at a slower pace, with the 26 reporting countries in the EU and UK down 0.7 percent year over year in June. This represented the smallest decline since February 2022. New Zealand's milk production is also down, with milk collections for the season to date (June and July) down 2.6 percent from a year ago.
- According to drought.gov, 47% of the 48 contiguous U.S. states are experiencing drought conditions. As of August 23, 228.9 million acres of crops are experiencing drought conditions, 128.2 million people (more than one third of the U.S. population) are affected by drought, and 40 states are experiencing moderate drought in at least some part of the state. Pennsylvania is included in this number. On average, about 50% of the state is not experiencing drought, 45% is abnormally dry, and about 5% is experiencing moderate drought. The northern tier of the Keystone State west from Crawford, Washington and Clarion Counties east to Susquehanna, Lackawanna, Monroe, and Pike Counties are abnormally dry. East central Pennsylvania from eastern Centre, Union, and Snyder Counties, southeast through northern Dauphin, Lebanon, Berks, Montgomery, and Philadelphia counties are also all abnormally dry. Almost all of Potter, Tioga, and Union counties are experiencing moderate drought.
- According to an American Farm Bureau survey, the drought is taking a toll on farmers and livestock growers in the western part of the country. The AFBF surveyed farmers and livestock growers in 15 western states that accounted for nearly half of US agricultural production by value. Those surveyed said they expect average crop yields to fall 38 percent from last year, with the biggest declines in Texas (down 68%), Oklahoma (down 60 percent), and New Mexico (down 54%).

Government and Industry:

- On September 14, the Center will host its 13th annual Dairy Financial and Risk Management Conference: "Adjusting the Lens." The future of dairy may look blurry, but all we need to do is bring our lens into focus. At this year's conference, learn how you and/or your dairy clients can create a clear vision for future profitability. Those who attend will hear from a wide range of speakers covering topics such as 2022/2023 dairy market dynamics, crop production costs and feeding management considerations, and dairy financial and production performance indicators. For more information, visit centerfordairyexcellence.org or call 717-346-0849.