CENTER FOR

Dairy EXCELLENCE

Dairy Week In Review

Dated September 7, 2022

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Sept)	$19.84/cwt.	▲ 1.1 %	▼ 1.0 %	▲ 18.8 %
Class IV Milk Price (Sept)	$24.12/cwt.	▲ 0.4 %	▼ 1.8 %	▲ 44.4 %
Corn (September)	$ 6.76/bushel	▲ 0.4 %	▲ 8.8 %	▲ 30.8 %
SBean Meal (September)	$436.0/ton	▼ 4.9 %	▼ 15.4 %	▲ 29.4 %
DMC Margin (July)*	$ 9.92/cwt.	—	▼ 15.2 %	▲ 81.4 %

**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.*

- Butter production fell to 152 million pounds in July, down 5.3 percent from June but up 3.1 percent from a year ago. Although it was up from a year ago, butter production is still low and pulling down inventories, which is driving up prices to all-time high levels. Spot butter climbed to $3.10 per pound this week, one of the highest prices ever. Total cheese output in July was 1.16 billion pounds, up 1.1 percent from July 2021 and up 0.5 percent from last month. Italian type cheeses were up 2.3 percent from a year ago, while American type cheese was up 0.1 percent.
- Milk production in key dairy regions across the globe continues to decline. Australia's milk production dropped 9.2 percent from a year ago to 1.25 billion pounds, with this season now being the lowest milk producing season in 25 years for the Oceania country. Output in the 26 reporting countries in the European Union was also down, falling 0.7 percent year over year in June.
- All main four fluid milk categories all suffered year-over-year declines compared to 2020. Whole milk sales fell 5 percent year-over-year to 15.8 billion pounds in 2021, while 2% milk dropped nearly 8 percent to 14.6 billion pounds. 1% and skim milk sales declined 5 percent and 13 percent, respectively, to 5.5 billion and 2.7 billion pounds. The other five categories experienced growth and helped keep the total fluid milk sales from sinking further. For only the second time, 2021 annual flavored, other than whole milk sales surpassed skim milk sales to become the fourth largest sales category. This first occurred in 2019. Flavored, other than whole milk sales increased 17 percent year-over-year to 3.4 billion pounds. The other category climbed 47 percent year over year to 1.2 billion pounds. The other category includes miscellaneous fluid products not covered by the other categories. Lactose free milks were introduced widely sometime around the year 2000 and would be categorized as other. Lactose free milk products have been performing very well at retail during the last several years. Buttermilk sales increased 8 percent year over year to 454 million pounds, while eggnog, the smallest volume category, increased 7 percent year over year to 141 million pounds.
- USDA announced the August Class III at $20.10 per hundredweight, $2.42 below July's price but up $4.15 above August 2021. The Class III price fell $5.11 since its high in May. Looking ahead, the Class III price averages right around $20.50 per cwt. for the next 12 months. The August Class IV milk price was $24.81 per cwt., down 98 cents from July but up $8.89 from a year ago. Class IV prices average $22.19 for the next 12 months.

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. Walk ins are welcome. For more information, visit centerfordairyexcellence.org or call 717-346-0849.