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Dairy EXCELLENCE
 Dairy Week In Review

Dated September 28, 2022



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Sept)	\$19.89/cwt.	—	▲ 1.3 %	▲ 20.3 %
Class IV Milk Price (Sept)	\$24.55/cwt.	▼ 0.8 %	▲ 2.2 %	▲ 49.7 %
Corn (December)	\$ 6.70/bushel	▼ 4.4 %	▼ 0.5 %	▲ 25.9 %
SBean Meal (October)	\$421.8/ton	▼ 6.5 %	▼ 8.1 %	▲ 24.9 %
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.

- At 1.48 billion pounds, cheese inventory was a record high for the month of August, according to the USDA Cold Storage report. This was 3.6 percent more than August 2021. July 2022 ending cheese stocks, at 1.52 billion pounds, were an all-time high. The drawdown of 38 billion pounds of inventory from the end of July to the end of August was the largest July to August drawdown since 2018. Although domestic and international cheese sales will not be reported for another couple of weeks, the drawdown indicates strong domestic sales and strong exports. This has helped to further stabilize Class III prices as the 12-month average price experienced a slight increase for the second month in a row. As of September 26 closing prices, the Class III price averages \$20.27 per cwt, 22 cents more than it did at the end of August.
- Butter price continued its upward trend through August, settling at \$3.04 per pound. This represents the first time the monthly butter price has averaged over \$3 per pound. At 2.83 million pounds, butter stocks at the end of August were 22 percent less than one year ago and 10 percent less than July 2022. Butter inventories have remained at multi-year lows most of this year. This is primarily because cream remains in short supply. Cream supply is likely low for the near future. Unfortunately, high butter price has started to affect demand as sales data shows fewer butter purchases. For now, Class IV price is being bolstered by high butter price. The 12-month average Class IV price has increased 64 cents through August to \$22.25 per cwt. Class IV and Class III price have been inverted since November 2021 and remain inverted for at least the next year.
- The average dairy price index price on the latest Global Dairy Trade was \$4,072 per metric ton, up 2 percent from the previous session, marking the second session in a row with an increase after five straight session-to-session losses. Cheddar cheese prices were up 2.1 percent, while whole milk powder prices were up 3.7 percent. Butter prices were down 0.2 percent, while the skim milk powder price fell 0.7 percent.
- New Zealand's milk production continues to be below last year's levels, with August production down 4.2 percent from a year ago and the lowest August production since 2017 at 1.329 million metric tons. For the season-to-date (June - August), the Oceania state is down 4.4 percent.

Government and Industry:

- The National Dairy Farmers Assuring Responsible Management (FARM) Program is accepting comments on its drafted Version 5 standards updates. Feedback related to the proposed standards will be accepted until Oct. 28. FARM Animal Care Version 5 is currently under development and will take effect July 1, 2024, for a three-year cycle. To provide comments, go to www.nationaldairyfarm.com and search "Farm 5.0 Standards."
- September is National Farm Safety Month. The Center for Dairy Excellence has several resources available to help farms promote farm safety. To request safety signs to be mailed to you while supplies last, visit www.centerfordairyexcellence.org/farm-safety or call 717-346-0849.