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Dairy EXCELLENCE
Dairy Week In Review

Dated October 12, 2022



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Oct)	\$21.85/cwt.	▼ 1.2 %	▲ 9.7 %	▲ 22.2 %
Class IV Milk Price (Oct)	\$24.77/cwt.	▲ 0.2 %	—	▲ 46.1 %
Corn (December)	\$ 6.93/bushel	▲ 1.3 %	▼ 4.3 %	▲ 35.4 %
SBean Meal (October)	\$421.8/ton	▲ 4.9 %	▼ 8.0 %	▲ 34.6 %
DMC Margin (August)*	\$ 8.08/cwt.	—	▼ 18.6 %	▲ 22.0 %

*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.

- Last year total per capita dairy product consumption reached its highest level since 1959, despite a record decline in consumption of fluid milk. The latest Economic Research Services data shows dairy consumption growing 12 pounds per person from the previous year to 667 pounds in 2021. That continues a 25-year continual increase in per capita consumption of dairy which started in the late 1990s. Fluid milk consumption fell 7 pounds last year, dropping to a multi-decade low of 134 pounds per person. Cheese consumption continues to be the main driver of growth, with 2021 consumption of American-type cheese at 16.1 pounds per person. Butter consumption was also up another pound last year to 6.5 pounds per person. Yogurt consumption is also growing, with per capita consumption for 2021 at 14.3 pounds per person.
- Strong demand for butter on both the domestic and export side is driving butter prices to near record highs, with butter on the CME continuing to trade at about \$3 per pound. Monthly stocks have been below a year ago levels for the past 13 months, with August stocks down 22 percent from last year to less than 283 million pounds.
- The latest USDA World Agricultural Supply and Demand Estimates has again adjusted ending stocks for both corn and soybeans downward. Corn yield estimates were lowered for the 2022-23 season by 0.3 percent to 171.9 bushels per acre, with the production forecast decreased to 13.895 billion bushels, down 7.8 percent from a year ago. Exports were also lowered, while projected feed and residual use was increased, resulting in ending corn stocks being decreased by 47 million bushels from the last report. The season-average corn price was increased to \$6.80 per bushel.
- The projected soybean harvest was also decreased from previous estimates, with yields lowered by 0.7 bushels to 49.8 bushels per acre. That resulted in a 1.5 percent decrease in the projected forecast, which is expected to be around 4.313 billion bushels. An increase in beginning stocks coupled with a decrease in export expectations kept demand in line with supply, resulting in USDA decreasing its estimated average farm price for the 2022-23 marketing year by 35 cents to \$14 per bushel.
- The report increased milk production forecasts for both 2022 and 2023, with cow inventories projecting a more rapid rate of expansion in late 2022 and early 2023. Still strong demand on both the domestic and export sides kept prices high, with the all-milk price forecast for 2022 increased to \$25.60 per hundredweight and the all-milk price forecast for 2023 raised to \$22.90 per hundredweight.

Government and Industry:

- Enrollment for the 2023 DMC program year will begin on Monday, October 17 and continue through Friday, December 9, 2022, at your local Farm Service Agency (FSA) office. Current projections show that the DMC margin is expected to remain below the maximum \$9.50 per cwt margin coverage each month next year. To sign up to participate in the 2023 DMC Program, visit your local FSA office before December 9.