

CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated November 1, 2023



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Nov)	\$17.24/cwt.	▲ 2.0 %	▼ 6.3 %	▼ 16.7 %
Class IV Milk Price (Nov)	\$20.75/cwt.	▼ 4.2 %	▲ 10.1 %	▼ 7.2 %
Corn (December)	\$ 4.75/bushel	▼ 1.1 %	▼ 2.5 %	▼ 30.9 %
SBean Meal (December)	\$430.4/ton	▲ 0.2 %	▲ 18.5 %	▼ 1.5 %
DMC Margin (September)*	\$ 8.44/cwt.	—	▲ 30.7 %	▼ 2.1 %

*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.

- USDA announced September's DMC Margin at \$8.44 per hundredweight, up \$2.02 from August and the highest payment this year. The margin resulted in a \$1.06 per cwt indemnity payment, or about \$839 per one million pounds of production history. The all-milk price was up \$1.30 from July to \$21.00 per cwt. in September, while feed prices declined 68 cents to \$12.56 per cwt. Corn and soybean meal prices were at their lowest level this year, with corn down 52 cents from August to \$5.21 per bushel and meal down falling \$27.73 to \$411.07 per ton. Alfalfa hay prices did improve, increasing \$6 to \$288 per ton. Based on current futures prices, indemnity payments are expected on October and December milk with November's margin projected to be just above the \$9.50 level. If these projections come to fruition, those enrolled in DMC at the \$9.50 margin level could see a net benefit of \$26,125 per one million pounds in 2023.
- The October Class III milk price was announced at \$16.84 per cwt., down \$1.55 from September and \$4.97 below year-ago levels. Looking ahead, Class III futures prices on the CME average \$17.65 per cwt for the next six months, staying below \$18 before rebounding to above \$18 in March 2024. USDA announced the October Class IV milk price at \$21.49 per cwt., up \$2.40 above September's price but \$3.47 below the price a year ago. CME milk futures prices for Class IV average \$19.38 per cwt for the next six months, with prices peaking above \$20 this fall before dipping to around \$19 in the early part of next year.
- USDA released the latest dairy cow slaughter levels with its Livestock Slaughter Report. Dairy cow slaughter in September fell year-over-year for the first time in 2023, with 20,000 fewer head, or 7.7 percent less, dairy cows sent to market this month than a year ago. Still, year-to-date, dairy cow slaughter is still well ahead of year-ago levels, with a total of 2.3788 million head sent to market, up 4.5 percent or 101,500 head from last year.
- New Zealand milk production is following a similar trend to the US, with total milk collections down 5.5 billion pounds, or 4.4 percent in September compared to year-ago levels. Still milk solids in September were up 1.3 percent year-over-year for the month.

Government:

- USDA announced last week that it will spend \$2.3 billion from the Commodity Credit Corporation into programs that will improve market opportunities for U.S. commodities, including dairy, and expand U.S. food aid avenues.
- The Center is accepting applications for dairies to pre-qualify to receive a Climate-Smart Team Grant. The program will help dairies accepted into the program identify and implement strategies that are both climate-smart and profitable. Implementation dollars will be awarded to farms that qualify based on herd size, with up to \$75,000 available for dairies with 199 cows or less, up to \$141,000 for dairies with 200 - 499 cows, and up to \$250,000 for dairies with 500 or more cows. Call 717-346-0849 or visit centerfordairyexcellence.org/climate-smart-grants/ to learn more.