

# CENTER FOR Dairy EXCELLENCE Dairy Week In Review

Dated November 2, 2022



## Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Nov)	\$20.68/cwt.	▼ 4.7 %	▼ 6.9 %	▲ 14.0%
Class IV Milk Price (Nov)	\$22.35/cwt.	▼ 10.7 %	▼ 8.3 %	▲ 20.2 %
Corn (December)	\$ 6.87/bushel	▲ 0.2 %	▲ 0.4 %	▲ 21.8 %
SBean Meal (December)	\$424.0/ton	▲ 4.1 %	▲ 6.6 %	▲ 25.7 %
<b>DMC Margin (Sept)*</b>	<b>\$ 8.62/cwt.</b>	—	▼ 18.6 %	▼ 5.7 %

*\*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 September Dairy Margin Coverage (DMC) margin was announced as \$8.62 per hundredweight (cwt) and triggers indemnities at the \$9.00 and \$9.50 margin coverages. This is a 54 cents per cwt improvement compared to August, driven by a slight increase in the milk price and a more significant decline in the DMC feed cost. After three consecutive months of degrading milk prices, the September U.S. all-milk price was up 10 cents per cwt compared to August at \$24.30. At \$15.78 per cwt, DMC feed cost was down 44 cents after four consecutive months of record high DMC feed costs. All three DMC feed cost factors experience declines in September. Alfalfa hay price had a slight \$1 drop to average \$342.00 per ton. Corn price fell 15 cents to \$7.09 per bushel or \$253.21 per ton, \$5.36 per ton less than August. Soybean meal had the largest price decline of the three factors, falling \$36.94 to settle at \$473.94 per ton.
- USDA announced the October Class III milk price at \$21.81 per cwt., up \$1.99 from last month and up \$3.98 from a year ago. So far this year, the Class III price has averaged 22.15 per cwt. The Class IV price was announced at \$24.96 per cwt., up 33 cents from last month and \$7.92 above year-ago levels. So far this year, the Class IV price has averaged \$24.82 per cwt. Prices begin to erode in November, with both the CME Futures Class III and IV prices down \$2 from October. For 2023, the Class III milk futures price averages \$19.52 per cwt., while the Class IV futures \$20.03 per cwt.

## 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. According to the online DMC Decision Tool, the DMC margin is expected to remain below the maximum margin coverage throughout the year (Table 2). The DMC margin is expected to average \$8.12 next year providing a U.S. all-milk price floor of \$23.18 per cwt at the \$9.50 margin coverage. These projections are not guaranteed. However, if they were to become reality, the net benefit to those enrolled in the program would be \$1.15 per cwt for the year which results in a payment of over \$11,500 per 1 million pounds of covered production history, or over \$57,500 to a dairy at the 5-million-pound, Tier 1 cap. To sign up to participate in the 2023 DMC Program, visit your local FSA office before December 9.
- The Professional Dairy Managers of Pennsylvania and the Center for Dairy Excellence will host a Fall Forum on Farm Transition on Thursday, November 10, in Fleetwood, Berks County. The "Own Your Future" forum will feature a panel discussing how to navigate the transition process and a farm tour of Vista Grande Farms. To register, go to [www.pdmp.org](http://www.pdmp.org).
- Penn State Extension Dairy Team will host a "Women in Dairy" conference on Wednesday, November 9, at the Sheraton Harrisburg Hershey. The conference will include topics on animal welfare, health and well-being, financial management, and others. To register, search "Penn State Women in Dairy Conference."