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Dairy EXCELLENCE
Dairy Week In Review

Dated November 16, 2022



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Nov)	\$20.99/cwt.	▲ 0.5 %	▼ 4.0 %	▲ 17.4 %
Class IV Milk Price (Nov)	\$23.43/cwt.	▲ 2.4 %	▼ 5.5 %	▲ 25.4 %
Corn (December)	\$ 6.65/bushel	▼ 0.3 %	▼ 4.1 %	▲ 19.4 %
SBean Meal (December)	\$406.6/ton	▼ 1.2 %	▼ 4.5 %	▲ 8.5 %
DMC Margin (Sept)*	\$ 8.62/cwt.	—	▼ 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.

- Global food prices stayed flat from month to month in October, with the global Food Price Index down just 0.1 point from September to 135.9 in October, remaining 2.7 points, or 2 percent higher, than a year ago. The Food Price Index peaked in March 2022 at 159.7, falling 14.9 percent since then. The Dairy Price Index fell for the fourth month in row, down 2.5 points from September to 140.1. It remains significantly higher than a year ago, up 15.4 percent from last October. Dairy prices were at their highest in June, with the index price reaching 150.2.
- The latest USDA Ag Supply and Demand Estimates report increased both corn and bean yields. In the report, USDA increased corn production by 35 million bushels to 13.93 billion bushels, with a 0.4-bushel increase in the average yield, now at 172.3 bushels per acre. Soybean estimates were increased to 4.35 billion bushels, up 33 million from last month with average yields increased by 0.4 bushels. Expected exports were left unchanged, with ending stocks for corn raised by 10 million bushels. The season-average corn price for producers was left unchanged at \$6.80 per bushel. Soybean ending stocks were increased by 20 million bushels to 220 million bushels, with the season-average price forecast left unchanged at \$14 per bushel.
- Class III and Class IV milk prices have been inversed for the past year. Class III and IV prices inversed last November when Class IV settled 76 cents more than Class III at \$18.79 per cwt. Since then, Class IV has remained above Class III except for May 2022 when Class III was 22 cents higher than Class IV. October Class III and IV prices were released earlier this month with a streak of six consecutive months of inversed milk prices. The October Class III price was announced as \$21.81 per cwt, \$3.15 lower than Class IV at \$24.96. Eleven out of 12 months since November 2021 saw a Class IV price higher than Class III. The spread between Class IV and III has averaged \$2.38 per cwt during this period.
- The futures market indicates that after the seasonal demand for butter declines, along with sluggish demand for NDM and other Class IV powder products, there could be an unfavorable drop in Class IV that continues the recent trend in declining Class IV milk prices that begins this month. Based on November 15 closing prices, November Class IV is \$23.36 per cwt, \$1.70 less than October's final price of \$24.96. The December futures price indicates a further drop of \$1.16 to \$22.10 per cwt and January shows another \$1.30 decline to \$21.40.

Government and Industry:

- Enrollment for the 2023 DMC program year will go through Friday, December 9, 2022. If you haven't done so already, you have until then to sign up 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 all of 2023. To sign up to participate in the 2023 DMC Program, visit your local FSA office before December 9.