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Dairy EXCELLENCE
Dairy Week In Review

Dated November 21, 2023



•Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Nov)	\$17.12/cwt.	▼ 0.1 %	▲ 1.4 %	▼ 13.7 %
Class IV Milk Price (Nov)	\$20.60/cwt.	▼ 0.1 %	▼ 4.9 %	▼ 4.5 %
Corn (December)	\$ 4.70/bushel	—	▼ 2.1 %	▼ 29.1 %
SBean Meal (December)	\$459.2/ton	▼ 2.2 %	▲ 6.9 %	▲ 10.1 %
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.*

- According to the latest USDA Milk Production report, US milk production is down for the fourth month in a row after six months of growth. October's milk production was down 0.5 percent to 18.71 billion pounds, with a 1-pound decrease in milk production per cow for the month and 42,000 fewer milking cows in the nation's herd than were a year ago.
- The report shows a steady shift from the southwest and western region to the upper Midwest and Eastern regions. Year over year growth on the western side of the Mississippi was strong historically from 2016 – 2021. However, in the past year, that tide has started to change, with extreme heat and concerns over water supplies causing that region to falter. California, the largest dairy state in the US, saw milk production fall 2.6 percent in October year over year, while New Mexico's milk production fell 9 percent. Oregon's milk production was also down 4.1 percent, while other western states had more modest declines. Collectively, the western region of the US lost 59,000 head in the past year, with Arizona the only state in that region to show a significant increase in milk production.
- On the flipside, growth in the upper Midwest into the East is strong. South Dakota showed the most growth in October, with 13,000 more cows and 6.6 percent more total milk production. Florida was also up 6.2 percent, although the southern state's total milk production only puts them at 22nd in terms of total milk production by state. Michigan and New York saw the most growth out of the top eight dairy producing states, increasing 2.6 and 2.1 percent, respectively. Collectively, the states in the Midwest and East had 23,000 more milk cows and 1 percent more total milk production in October than they did a year ago.
- The dairy price index stayed flat in the latest Global Dairy Trade auction, with the price index at \$3,268 per metric ton. Across the board, though, price changes varied. Whole milk powder and lactose prices increased, up 1.9 and 6.4 percent, respectively. Butter, skim milk powder, and cheddar prices all fell, dropping 1.1, 3.8 and 9.7 percent, respectively.

Government:

- Last week Congress passed a tiered legislative package that averts a government shutdown for some agencies, including USDA and FDA, until Jan. 19. The remaining federal agencies are funded until Feb. 2. The stop-gap funding measure also extends the current Farm Bill until October 2024. The farm bill measure extends the Dairy Margin Coverage safety net for 2024 and incorporates the 2019 production history update, previously known as Supplemental Dairy Margin Coverage, into the underlying DMC.
- Federal Milk Marketing Order hearings begin next week in Indiana. The hearing, which was originally expected to last until mid-October, may now slip into 2024, according to NMPF. Scheduling issues and unexpected confrontations have pushed back the timeline for the improvements many farmers are hoping can take effect to help their operations thrive.