

CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review

Dated November 30, 2022



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Dec)	\$19.83/cwt.	▼ 5.7 %	▼ 8.8 %	▲ 9.9 %
Class IV Milk Price (Dec)	\$21.55/cwt.	▼ 7.6 %	▼ 13.5 %	▲ 15.2 %
Corn (December)	\$ 6.62/bushel	▲ 0.6 %	▼ 3.4 %	▲ 16.8 %
SBean Meal (December)	\$417.7/ton	▲ 1.7 %	▼ 2.1 %	▲ 19.8 %
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.

- Milk production in the Oceania region was down in October, with Australia production trailing last year's levels by 6.6 percent and the lowest October production in the last decade at 889.6 million liters. New Zealand's production was down 2.9 percent from the previous year, with the season-to-date production levels down by 3.5 percent. These combined decreases more than offset the US's 1.2 percent increase in milk production last month.
- USDA's Cold Storage Report shows both butter and cheese inventories declining seasonally in October. Cheese inventories were at 1.448 billion pounds as of October 31, 2022, down 460 million pounds from a year ago. Although the decline was slight, October is only the second time in 18 months that inventories were below previous-year levels. American-style cheese stocks were down 1.5 percent from a year ago, while other-than-American varieties were up 2.1 percent. Butter stocks fell 14.1 percent from a year ago to 239.6 million pounds. However, the butter drawdown was the lowest year-over-year decline in 12 months, and the September-to-October decline of 27.8 million pounds was far below the typical October drawdown of 47 million pounds.
- USDA announced the November Class III milk price at \$21.01 per cwt., down 80 cents from last month but up \$2.98 from a year ago. The Class IV milk price was announced at \$23.30 per cwt., down \$1.66 from last month but up \$4.51 from a year ago.

Government and Industry:

- Enrollment for the 2023 DMC program year will go through Friday, December 9, 2022. According to the online DMC Decision Tool, the DMC margin is expected to remain below the maximum margin coverage throughout all of 2023. So far in 2022, those who have protected their margin at the maximum \$9.50 per cwt. level have received payments in August and September. USDA should announce the October margin this week, but a payment is not expected again until December's margin is announced. However, payments are expected for the first eight months of 2023. To sign up to participate in the 2023 DMC Program, visit your local FSA office before December 9.
- For those wanting help in navigating their risk management plan, the Center has revamped and improved its online and printed risk management resources to help dairy farmers develop or improve their risk management strategy. Resources include a risk management overview and downloadable/printable risk management strategies that can be used as a reference by dairy farmers or as a handout by dairy advisors to their clients. Although they do not claim to be risk management experts, we interviewed multiple Pennsylvania dairy farmers and asked them to explain their risk management philosophy and provide pointers that they think are important to having a successful risk management plan. To access the resources, go to centerfordairyexcellence.org/risk-management or call 717-346-0849 to have a packet mailed to you.