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Dairy EXCELLENCE
Dairy Week In Review

Dated December 5, 2023



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Dec)	\$16.32/cwt.	▼ 4.9 %	▼ 4.4 %	▼ 20.0 %
Class IV Milk Price (Dec)	\$19.25/cwt.	▼ 7.7 %	▼ 7.3 %	▼ 12.2 %
Corn (December)	\$ 4.68/bushel	▲ 4.2 %	—	▼ 25.4 %
SBean Meal (December)	\$433.7/ton	▼ 1.4 %	▲ 3.9 %	▼ 6.7 %
DMC Margin (October)*	\$ 9.44/cwt.	—	▲ 11.8 %	▼ 11.9 %

**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 the October margin under the Dairy Margin Coverage Program at \$9.44 per hundredweight, just six cents under the maximum \$9.50 margin coverage level. It's up 10 cents from September's margin and the highest this year. It is still \$1.27 below margins from a year ago and will result in an indemnity payment of just over \$47 per one million pounds of production history. Looking ahead for the last two months of the year, the DMC margin is expected to continue to increase in November above the \$9.50 level before falling to below \$8.90 per cwt in December.
- The October all-milk price was announced at \$21.60 per cwt., up about 60 cents from last month. Corn prices were down 28 cents per bushel, while the cost of premium alfalfa hay fell 10 per ton. Soybean meal prices were the only piece in the feed cost formula that was up, increasing about \$5 to \$416.16 per ton. Total feed costs per one hundred pounds of milk were announced at \$12.16, down 50 cents from September's feed costs and more than \$3 below year-ago feed costs levels.
- Year to date, the net benefit of the DMC Program to those covered at the \$9.50 level is \$2.41 per hundredweight, after the 15-cent premium is deducted off the total and after sequestration. That is just over \$24,000 per one million pounds of production history, or nearly \$121,000 for those covered at the maximum 5-million-pound coverage level for Tier 1.
- Butter production in the US fell 0.9 percent from a year ago to 160.608 million pounds in October, up 12.5 percent from September, according to the latest USDA Dairy Products report. Total cheese production was up 0.8 percent from a year ago to 1.19 billion pounds, 3.9 percent above September levels. Italian type cheese production was up 1.4 percent from a year ago while American type cheese production was down 0.3 percent.
- Total Milk production continues to wane in the Oceania region, with New Zealand's October milk production down 0.3 percent from a year ago to 6.65 billion pounds. Components, however, continue to climb, up 0.9 percent from a year ago.
- USDA announced the November Class III milk price at \$17.15 per cwt, up 31 cents from last month. The Class IV price was announced at \$20.87 per cwt., down 62 cents from October's price.

Government:

- USDA reconvened hearings after Thanksgiving to review proposals regarding Federal Milk Marketing Order reform. In the past week, USDA has heard testimony regarding National Milk Producers Federation's and other proposal to update the Class I differential price surface across the country. Testimony and cross examination is expected to conclude this Friday, with the FMMO process on hiatus until mid-January 2024.