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Dairy EXCELLENCE
Dairy Week In Review

Dated December 20, 2022



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Dec)	\$20.52/cwt.	▼ 0.1 %	▼ 2.9 %	▲ 10.6 %
Class IV Milk Price (Dec)	\$22.86/cwt.	▲ 4.7 %	▼ 2.1 %	▲ 9.9 %
Corn (December)	\$ 6.52/bushel	▲ 2.0 %	▼ 1.3 %	▲ 9.0 %
SBean Meal (December)	\$452.0/ton	▼ 0.9 %	▲ 10.2 %	▲ 22.5 %
DMC Margin (October)*	\$ 10.71/cwt.	—	▲ 24.83 %	▲ 24.82 %

*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 across the U.S. increased year-over-year (YOY) by 1.3 percent, driven by both increased cow numbers and production efficiency. Milk production totaled 18.766 billion pounds. The national herd size increased by 38,000 (+0.4%) to 9.420 million head, while production per cow increased by 17 pounds (+0.9%) to 1,937 pounds per cow. The average lactating cow (assuming 87% of the total herd size is lactating at any given time) was 74.2 pounds per cow per day during November – 0.6 pounds more than last year.
- California's milk production was down 0.5 percent, while the rest of the top eight milk producing states were either up or flat in milk production. California's production losses were driven by 15 pounds less milk per cow, with 4,000 more cows. Wisconsin was up 1.3 percent, while Idaho and New York were up 2.3 and 3.2 percent, respectively. Texas was up 6.3 percent, while Michigan was up 1.6 percent and Minnesota was up 0.9 percent. Pennsylvania's milk production was flat from a year ago, with 3,000 fewer cows but 10 pounds more milk per cow.
- November Class III and IV prices were announced earlier this month at \$21.01 and \$23.30, respectively. The Class III price represents an eighty cents per cwt drop compared to October, and the Class IV price is \$1.66 per cwt less than October. With the main holiday buying season over and continued improvement in domestic and world milk supply, Class III and IV milk futures prices continued to decline through December. Based on December 16 closing prices, both Class III and Class IV continue to decline but remain well above the five-year averages. The 12-month Class III average is \$19.95 per cwt, \$1.07 less than it was at the end of November. The Class IV, 12-month average drops more drastically to \$20.39 per cwt, \$2.96 less than last month's average futures price. The five-year averages for Class III and IV are \$17.66 and \$16.78 per cwt, respectively.
- October dairy exports continued a seven-month streak of year over year increases, rising 9% on a milk solids equivalent basis relative to October 2021 to 202,833 metric tons (MT). Most major dairy product export categories experienced growth. Most notably, nonfat dry milk (NDM)/skim milk powder (SMP) posted its first YOY gains since November 2021. NDM/SMP exports grew by 11%, or 6,975 MT, with a 37% increase to Mexico driving the gain. With dairy product prices still higher than last year, export value continued its upward march and climbed 24% YOY to an estimated \$818.7 million. Until this year, dairy exports had never surpassed the \$800 million value threshold. However, seven out of 10 reported months show exports valued at over that threshold this year. May was a record high at over \$900 million in estimated value. Through the first 10 months of the year, total volume is up 4% YOY to 2.592 million MT and value is up 25% YOY to \$8.1 billion. Exports remain on track to break both volume and value records for the second straight year.

Government and Industry:

- Enrollment for the 2023 DMC program year was extended to Tuesday, January 31. To sign up to participate in the 2023 DMC Program, visit your local FSA office before Tuesday, January 31.