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Dairy EXCELLENCE
Dairy Week In Review

Dated December 28, 2022



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Dec)	\$20.51/cwt.	▼ 0.1 %	▲ 3.4 %	▲ 11.4 %
Class IV Milk Price (Dec)	\$22.26/cwt.	▼ 2.7 %	▲ 5.3 %	▲ 12.0 %
Corn (January)	\$ 6.82/bushel	▲ 4.6 %	▲ 3.0 %	▲ 12.9 %
SBean Meal (January)	\$466.3/ton	▲ 2.4 %	▲ 11.7 %	▲ 12.3 %
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.

- USDA's Cold Storage Report shows butter stocks down 40 million pounds from October to just below 199.7 million pounds, marking only the second time since 2020 that inventories fell below the 200-million-pound mark. However, butter inventories were down only 4.1 percent from a year ago, the smallest year-over-year decrease since August 2021. Cheese stocks were also down in November, down 1.3 percent from October to 1.43 billion pounds on November 30, up 0.5 percent or 7.6 million pounds from a year ago. American cheese stocks were down 2.3 percent from a year ago, while other style cheeses were up.
- USDA announced the January 2023 Class I base price at \$22.41 per cwt., down 17 cents from December but \$2.70 above year-ago levels. January's Class I base price was the lowest since February 2022. The Class I price averaged \$23.66 per cwt. for 2022, the highest annual Class I milk price since before the calculation was changed with the 2018 Farm Bill.
- Milk production across the globe is mixed. October's milk production in the 26 European Union reporting countries was up 0.7 percent to 25.77 billion pounds, the strongest year-over-year increase since September 2021. Milk production in most of the major countries in the region was up. However, in the Oceania region, milk production is still struggling. November milk production fell 9.6 percent in Australia, with season-to-date milk production down 7.2 percent. In New Zealand, milk production was also down, falling 0.9 percent in November and down 2.8 percent for the season-to-date.
- The Food and Agriculture Organization (FAO) Food Price Index was up only 0.3 percent in November from October. The global food index peaked in March and has trended lower in every subsequent month since. Year-to-date food inflation is evident in the index, which is up year-to-date by 13.1 percent from 2021.

Government and Industry:

- Enrollment for the 2023 DMC program year was extended last week to Tuesday, January 31. At the maximum \$9.50 per cwt margin coverage, projections on December 28 show DMC payments each month, January through September. The DMC online decision tool is currently forecasting a 100% probability of a net benefit to those enrolled in the 2023 DMC program year. To sign up to participate in the 2023 DMC Program, visit your local FSA office before Tuesday, January 31.

