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Dairy Week In Review

Dated September 27, 2023



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Sept)	\$18.39/cwt.	▲ 0.1 %	▼ 0.7 %	▼ 16.9 %
Class IV Milk Price (Sept)	\$18.84/cwt.	—	▲ 1.1 %	▼ 23.8 %
Corn (December)	\$ 4.87/bushel	▲ 0.8 %	▲ 3.4 %	▼ 29.3 %
SBean Meal (October)	\$363.2/ton	▼ 6.9 %	▼ 11.1 %	▼ 9.8 %
DMC Margin (August)*	\$ 6.46/cwt.	—	▲ 83.5 %	▼ 20.1 %

**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.*

- Butter prices on the CME have been steadily increasing, on the heels of last week's Cold Storage report that showed butter inventories down 40.3 million pounds from July to August. Since the end of July, the spot butter price on the CME is up 66 cents to an all-time high of \$3.34 per pound on October 2. More than 33 percent of the nation's butter stocks were produced in California, which has seen deep declines in milk production and cow numbers over the past couple months. Concerns are starting to build around butter supplies moving into the holiday season when butter demand is at its highest.
- USDA announced August's DMC Margin at \$6.46 per hundredweight, up \$2.94 from July's low and the highest since January 2023. The margin resulted in a \$3.04 per cwt indemnity payment, or about \$2,449 per one million pounds of production history. The all-milk price was up \$2.30 from July to \$19.70 per cwt. in August, while feed prices declined 64 cents to \$13.24 per cwt. All three factors on the feed side were at their lowest level this year, with corn down 49 cents from July to \$5.73 per bushel, alfalfa hay down \$6 to \$282 per ton, and soybean meal down almost \$5 to \$438.80 per ton. Currently indemnity payments are expected to continue through November, with December's margin projected to be just above the \$9.50 maximum threshold.
- The dairy price index on the latest Global Dairy Trade was up 4.4 percent from the previous session to \$3,104 per metric ton, the highest price since early July. Whole milk and skim milk powder prices were up the most, jumping 4.8 and 6.6 percent, respectively. Butter prices were up 1.3 percent, while Cheddar cheese prices were down 4.8 percent.

Markets:

- Dairy farmers and processors who dumped milk without compensation due to certain weather related disasters over the past three years could be eligible for reimbursement through a new USDA program called the Milk Loss Program. The MLP program is being administered through the Farm Service Agency and will compensate dairy producers for up to 30 days of lost milk due to "droughts, wildfires, hurricanes, floods, derechos, excessive heat, winter storms, freeze and smoke exposure that occurred in 2020, 2021, or 2022. Sign up for the program will last through October 16, with \$10 billion in disaster losses available for 2020 and 2021 and an additional \$3 billion available for 2022. Applicants must file a claim for each calendar month that losses occurred. A single entity or person can not receive payments of more than \$125,000 if their average adjusted farm income is less than 75 percent of their average adjusted gross income, or more than \$250,000 in payments if their adjusted gross farm income is at least 75 percent of their average adjusted income. For more details, contact your local Farm Service Agency office.