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Dairy Week In Review

Dated May 22, 2024

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (May)	$18.68/cwt.	▼ 0.2 %	▲ 20.1 %	▲ 15.3 %
Class IV Milk Price (May)	$20.41/cwt.	▲ 0.2 %	▲ 1.2 %	▲ 12.8 %
Corn (May)	$ 4.58/bushel	▼ 0.9 %	▲ 6.5 %	▼ 22.0 %
SBean Meal (May)	$ 372.3/ton	▲ 0.2 %	▲ 7.8 %	▼ 7.5 %
DMC Margin (March)*	$ 9.65/cwt.	—	▲ 2.2 %	▲ 58.7 %

**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.*

- Total milk production in the US was down again in April, falling 0.4 percent from a year ago to 19.135 billion pounds, the lowest US production level in April since 2020. On the positive side, though, production per cow was up 9 pounds to 2,049 pounds per cow. The number of milk cows in the US fell 74,000 head from a year ago to 9.34 million head, down 8,000 head from last month. The nation's dairy herd is now at its smallest since September 2019. Milk production across the top 24 milk producing states was mixed.
- Of the top eight dairy producing states, California's milk production was fairly flat, increasing 0.2 percent with 15 pounds more milk per cow but 9,000 fewer cows in the Golden State. Wisconsin's milk production was up 2.5 percent, with 45 pounds more milk per cow and 4,000 more cows. Idaho down 0.1 percent with flat milk production per cow and 1,000 fewer cows. Slipping to the number four top producing spot, Texas was down 3.3 percent with 55 pounds less milk per cow and 5,000 fewer cows. Michigan was up 0.5 percent in total milk production, while Minnesota's production fell by 0.2 percent. Pennsylvania's milk production was down 0.5 percent with milk production per cow flat and 1,000 fewer cows from a year ago.
- With milk supply continuing to tighten, milk margins are looking more positive for producers. Earlier this month, USDA released its World Agricultural Supply and Demand Estimates, increasing the All-Milk price for 2024 to $21.20 per cwt., up 30 cents from the previous estimate and nearly $1 above 2023 levels. Class III milk prices continue to strengthen as well, with CME Class III futures prices for the next four months up about $2 from where they were in April. Class IV prices remain fairly strong, averaging between $20 and $22 per hundredweight for the remainder of the year.
- The nation's dairy herd continues to decline in size, even though dairy cow slaughter is down. In the latest USDA Livestock Slaughter report, dairy cow slaughter fell 61,600 head, or 20.2 percent, from a year ago to 244,600 head in March. Year to date, dairy cow slaughter is about 123,000 below last year's levels. Those who are culling cows are experiencing record high prices right now, with the average price per hundredweight at $110 - $120. Dairy heifer inventories across the nation were last reported in January and were at their lowest level since 2004, now becoming a factor in our nation's milking herd.

Government and Industry:

- Last week, USDA announced assistance being made available to farms In early May, USDA released a new rule requiring the use of electronic identification ear tags as official identification in cattle and bison. The new rule pertains to cattle engaged in interstate travel that fall within certain sectors of the livestock industry. All female dairy cattle of any age and male dairy cattle born after March 11, 2013, are included within this new ruling. USDA estimates that about 11 percent of the nation's livestock herd will be affected by this new rule, since many cattle never cross state lines.

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