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Dairy Week In Review

Dated September 6, 2023



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Sept)	\$18.51/cwt.	▲ 3.3 %	▲ 6.6 %	▼ 6.8 %
Class IV Milk Price (Sept)	\$18.64/cwt.	▼ 1.5 %	▼ 1.4 %	▼ 22.8 %
Corn (September)	\$ 4.71/bushel	▲ 2.1 %	▼ 2.1 %	▼ 30.4 %
SBean Meal (September)	\$408.1/ton	▼ 3.6 %	▼ 4.3 %	▼ 6.4 %
DMC Margin (July)*	\$ 3.52/cwt.	—	▼ 3.4 %	▼ 64.5 %

**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.*

- The August Class III milk price was announced at \$17.19 per cwt., up \$3.42 from July's low but down \$5.33 from year-ago levels. Class III futures prices on the CME continue their rebound in September and average \$18.69 per cwt for the remainder of the year. USDA announced the August Class IV price at \$18.91 per cwt., up 65 cents from a month ago but down \$6.88 from levels a year ago. Class IV future prices on the CME currently average \$18.90 per cwt for the last four months of the year.
- Last week USDA announced July's margin under the Dairy Margin Coverage Program at \$3.52 per hundredweight, the lowest margin on record since the program began in 2019. The margin fell another 13 cents from June's low and is \$6.40 below margins a year ago at this time. July's all-milk price was announced at \$17.40 per cwt., down 50 cents from June and \$8.30 below year-earlier levels. July's all-milk price is the lowest since March of 2021. The drop in the all-milk price was offset by a 37-cent drop in feed costs from June to July, with corn price falling 27 cents per bushel and alfalfa hay price down \$22 per ton. Soybean meal prices, however, increased \$29.69 per ton from the lowest of the year in June. Overall, feed costs per hundredweight are down \$1.90 from a year ago to \$13.88 in July.
- This month's margin will result in an indemnity payment of \$5.98 per cwt. July's payment is the seventh one this year and will be the highest, with margins expected to rebound starting in August. For each one million pounds of coverage, farms can expect a payment of just under \$4,700 after sequestration for their July payment.
- USDA's latest Dairy Products Report shows total cheese output was down 0.7 percent year over year and month over month to 1.162 billion pounds in July, the largest decline since August 2020. American type cheese totaled 475 million pounds, up 0.2 percent from July 2022 and 0.3 percent from last month. Italian type cheese totaled 482 million pounds, down 1.5 percent from a year ago but up 0.2 percent from last month. Butter production was up 3.5 percent from a year ago to 157 million pounds, down 3.2 percent from last month. Nonfat dry milk production was down 18.6 percent to 135 million pounds in July, while skim milk powder production was up 2.6 percent to 62.6 million pounds.
- Total dairy export volumes were again down year over year in June, falling 13 percent from the previous year to 188,240 metric tons in milk solid equivalents. Dairy export values for the month dropped more significantly, affected by lower prices, falling 28 percent to \$679.8 million. Year to date, total export volumes are down 5 percent, while total dairy export values are down 10 percent. Butterfat exports are down 44 percent year to date, while whole milk powder exports are down 42 percent. Cheese exports are down 7 percent year to date, while nonfat dry milk and skim milk powder exports are down only 1 percent year to date from 2022. Mexico continues to be a bright spot for US dairy exports, with exports through the first half of the year to our southern neighbor up 25 percent from a year ago.