



CENTER FOR
DairyEXCELLENCE

For Immediate Release

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September 20, 2022

JOIN “PROTECTING YOUR PROFITS” MONTHLY WEBINAR ON SEPTEMBER 28

The Discussion Will Take Place on September 28 at 12 p.m. and Provide Dairy Market Updates

Harrisburg, Pa. – The Center for Dairy Excellence is hosting its monthly “Protecting Your Profits” webinar on Wednesday, September 28 at 12 p.m. Held the fourth Wednesday of every month and led by Zach Myers, Risk Education Manager with the Center, the webinar will review current data and updates about the milk marketplace to guide decision-making and risk management strategies. Individuals can join via conference call, webinar, or podcast format.

“The current butter shortage has caused butter price to surge and bring Class IV milk price along with it. I’ve heard many dairy economists state that high prices tend to cure high prices. If butter continues to increase, when will consumers begin to balk at the retail price? When will U.S. butter suppliers start looking for cheaper international butter sources? How long will Class IV milk be able to stay up?” Myers said. “Nobody knows the answers to these questions, but risk management can help protect you against the inevitable fall. We’ll discuss these questions and more in this month’s ‘Protecting Your Profits’ conversation.”

During the webinar, Myers will highlight export numbers and the latest Class III and IV futures milk price forecasts:

- Despite record cheese inventory reported for July, the Class III futures price is staying relatively strong. The 12-month average since mid-August has only fallen 10 cents per cwt. to \$20.88.
- There is still a shortage of cream for butter while butter demand continues to remain strong. Spot butter price hit a record high on September 9 at \$3.17 per pound and continues to bolster the Class IV price even though powder sales have slowed. The surge in butter price has helped to drive the 12-month average Class IV price up compared to this time last month. The current Class IV milk price based on September 16 closing prices is \$22.61 per cwt., \$1.62 more than this time last month.
- July exports grew 5% year-over-year (YOY) to 203,322 MT of milk solids equivalent dairy products, becoming the fourth consecutive month to post YOY growth. July exports were valued at \$830.8 million.

- Through seven months, 2022 U.S. dairy export volume is up 3% compared to the same period in 2021. It is on track to set a new annual record if current export growth continues through the rest of the year.

In addition, Myers will share updates on Dairy Margin Coverage (DMC) margins. The July DMC margin was announced at \$9.92, \$2 less than the June margin. The initial projections for 2023 have margins below the \$9.50 coverage in February through at least July. Myers will discuss what these projections might mean for risk management planning.

“The drop in the DMC margin was caused by a record high DMC feed cost coupled with a \$1.20 drop in the U.S. all-milk price. As of September 16 closing prices, continued high feed costs and fluctuating Class III and IV milk prices resulted in a USDA forecasted DMC margin that drops below the maximum \$9.50 margin coverage in August, September, and October,” Myers explained.

Myers will provide additional updates on the Dairy Revenue Protection (DRP) program. Policies for quarter one 2023 to quarter one 2024 are now available until December 15, 2022.

To join the risk management discussion and access the information in a format that is most convenient for you, the Center offers the series in a webinar, podcast, and conference call format. There is no cost to participate in the monthly ‘Protecting Your Profits’ discussion, and no registration is necessary.

Webinar Format

Visit www.centerfordairyexcellence.org/SeptemberPYP on Wednesday, September 28 at 12 p.m. to launch the webinar. Follow the Center on Facebook or YouTube to watch a live stream on social media as well.

Conference Call Format

Individuals who would prefer to connect via conference call can dial the following number on Wednesday, September 28 at 12 p.m.:

Dial: 1-646-558-8656

Meeting ID: 848 3416 1708

Passcode: 474057

Podcast Format

Visit www.centerfordairyexcellence.org/pyp to listen to the “Protecting Your Profits” podcast and subscribe to get notified when new episodes are released. Episodes are expected to be published after the live webinar and conference call are concluded each month.

Join the Center on September 28 to find out how these programs and the conventional price risk management tools can fit in to your marketing plan. For more information, call 717-346-0849 or email Myers at zmyers@centerfordairyexcellence.org. The webinar will start promptly

at noon and last approximately 15 minutes. They are recorded and posted on the Center for Dairy Excellence website for those who are unable to join the live session.

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The Center for Dairy Excellence is a non-profit organization initiated by the Pennsylvania Department of Agriculture in 2004. Bringing together people from more than 40 different dairy organizations in Pennsylvania, the Center's mission is to enhance the profitability of the dairy industry by empowering people, creating partnerships, and increasing the availability and use of resources. Learn more at centerfordairyexcellence.org.

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