



Vermont Dairy Update July 2023

News and Updates

I hope everyone is staying safe as we navigate the statewide flooding and begin to assess damages. Please find a list of resources that may be helpful from [VAAF](#) and [here](#). New information will be added to this list as more resources become available over the next few days and weeks.

UVM Extension will be hosting a milk quality workshop at the UVM Miller Farm on August 9. More details can be found [here](#).

A couple of articles of interest related to factors impacting dairy income.

[May 2023 DMC margin plummets to \\$4.83 per cwt.](#) A declining U.S. average milk price more than offset lower average overall feed costs, shrinking the milk income margin.

[Weekly Digest: May 2023 DMC payments to top \\$172 million.](#) Based on latest enrollment on July 3 there were 16,929 dairy operations are enrolled in the 2023 Dairy Margin Coverage program, representing about 73% of operations with established production history. Annual milk volume covered under the program totals 156.1 billion pounds, about 78% of production history established in 2023.

Grain Update

Global Corn: Since May, U.S. corn prices were up \$3/ton to \$272, though prices have risen recently in response to dry conditions in the Western and Central corn belts. Brazilian prices were up \$5/ton to \$245 due to robust demand for the upcoming record harvest. Argentinian bids were down \$11 from last month, at \$241/ton. Expectations of large supplies in Brazil are pressuring Argentinian suppliers to offer lower quotes to remain competitive despite tight supply. Ukrainian prices were \$215/ton, which is down \$10 from May. Uncertainty surrounding new export restrictions in the EU, escalation of the war, and the future of the Black Sea Grain Initiative (BSGI) has maintained the discount for Ukrainian corn relative to other regions.

Soybeans: Outlook for the 2023/24 U.S. soybean crop planting progress is off to a promising start. The latest crop conditions estimate indicates 61% of the crop is rated as good-to-excellent and 31% is rated as fair. Total soybean supply is forecast to increase by 15 million bushels to 4.8 billion bushels. The season average price received by US farmers remains unchanged from last month at \$12.10 per bushel.

Source: <https://apps.fas.usda.gov/export-sales/esrd1.html>

Northeast Production Trends and Price Forecast

June 27, 2023

	COMPONENT PRICES PER POUND			BOSTON PPD/cwt.	BOSTON BLEND PRICE @3.5 bf	Class Price				Class III Futures	Class IV Futures	DMC Margin ¹
	BUTTER		OTHER			I	II	III	IV			
	FAT	PROTEIN	SOLIDS									
JUN-23	\$2.75	\$1.52	\$0.12	\$3.17	\$18.05	\$21.26	\$18.67	\$14.87	\$18.05	\$14.93	\$18.16	\$5.22
JUL-23	\$2.72	\$1.42	\$0.07	\$3.56	\$17.74	\$20.57	\$18.41	\$14.19	\$17.80	\$14.86	\$18.00	\$4.89
AUG-23	\$2.73	\$1.73	\$0.06	\$3.00	\$18.09	\$20.75	\$18.45	\$15.09	\$17.67	\$15.68	\$17.80	\$4.57
SEP-23	\$2.75	\$2.07	\$0.09	\$2.34	\$18.67	\$21.37	\$18.67	\$16.34	\$17.88	\$16.77	\$17.90	\$5.66

Source: Agri-Mark Weekly Update https://agrimark.coop/PDFs/AM_Weekly_Updates.pdf

Milk Cows and Production - Northeastern States and 24 Selected States: During May 2022 and 2023

[May not add due to rounding]

State	Milk cows ¹		Milk per cow ²		Milk production ²		
	2022	2023	2022	2023	2022	2023	Change from 2022
	<i>(1,000 head)</i>	<i>(1,000 head)</i>	<i>(pounds)</i>	<i>(pounds)</i>	<i>(million pounds)</i>	<i>(million pounds)</i>	<i>(percent)</i>
New York	623	630	2,190	2,210	1,364	1,392	2.1
Pennsylvania	467	466	1,890	1,885	883	878	-0.6
Vermont	118	118	1,880	1,890	222	223	0.5
24-State Total	8,921	8,945	2,115	2,126	18,871	19,017	0.8

¹ Includes dry cows. Excludes heifers not yet fresh.

² Excludes milk sucked by calves.

Prices Received for All Milk - Northeastern States and United States: April 2023 with Comparisons

[Before deduction for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies]

State	April 2022		March 2023		April 2023	
	Price	Fat test	Price	Fat test	Price	Fat test
	<i>(dollars per cwt)</i>	<i>(percent)</i>	<i>(dollars per cwt)</i>	<i>(percent)</i>	<i>(dollars per cwt)</i>	<i>(percent)</i>
New York	27.10	4.05	21.80	4.18	21.10	4.12
Pennsylvania	27.50	4.01	21.70	4.14	21.10	4.07
Vermont	27.70	4.07	22.20	4.23	21.70	4.17
United States	27.00	4.08	21.10	4.19	20.70	4.12

Milk production in **Vermont** during May 2023 totaled 223 million pounds, up 0.5 percent from May 2022. The average milk price received by Vermont farmers in April 2023, at \$21.70 per hundredweight, is down \$0.50 from March 2023 and down \$6.00 from April a year ago.

Source: NASS Monthly Milk Production Report-Northeastern Region

National Dairy Outlook

Milk prices continue to fall to levels not anticipated earlier in the year. Class III was \$18.52 in April, fell to \$16.11 in May and could dip below \$16.00 in June. For perspective, June of 2022 Class III prices were \$24.33. The last time Class III prices were this low was in 2018 and 2020. Declining cheese and dry whey prices have driven Class III prices down. These lower prices are driven by both the level of milk production and consumer demand. There is plenty of milk. May milk production for the U.S. is estimated to be 0.8% higher than a year ago. Milk cow numbers were unchanged from April but were still 0.3% higher than a year ago, equating to 20,000 more cows. This level of milk production has stretched milk capacity in the Midwest as some plants lack employees to operate at full capacity.

Dairy exports set a record in 2023 with strong cheese exports. According to the US Dairy Export Council, global dairy demand has weakened at the same time competition has increased from Europe and New Zealand. Inflation and the economic slowdown have dampened consumer demand. The volume of dairy exports on a milk solids equivalent basis in April was 13% below a year ago, resulting in year-to-date exports down 0.3% from last year.

Milk prices will recover but how much is still uncertain. Milk production will be held in check with low milk prices and still relatively high feed prices, resulting in unfavorable operating margins. Dairy producers who are enrolled in the Margin Protection program, the Revenue Protection Program or had earlier protected Class III prices with Class III futures will get some relief from low milk prices. Slaughter cow prices are favorable currently, so culling of dairy cows is likely to increase. Year-to-date dairy cow slaughter was 4.9% higher than a year ago. Drought is a concern in a large part of the country which could affect the supply of forages, grain and soybeans which could keep feed prices relatively high this fall and winter.

Current dairy futures show a slow recovery in Class III prices with August reaching \$16, \$17 for September, and \$18 for October to December. USDA forecast is less optimistic with Class III averaging just \$15.50 from July to September, \$16.30 October to December, and averaging \$16.70 for the year, compared to \$21.96 yearly average in 2022. Based on the level of expected milk production, dairy product sales and dairy exports, USDA's forecast could well be on the low side.

Source: Bob Cropp Dairy Situation and Outlook, University of Wisconsin Cooperative Extension

Vermont Dairy Cow Operations by County – 2023

County	Jan.	Feb	March	April	May	June	% change prior month
Addison	75	75	75	75	75	74	-1.33%
Bennington	7	7	7	7	7	8	1.14%
Caledonia	46	45	44	44	43	43	0.00%
Chittenden	27	25	24	24	24	23	-4.16%
Essex	9	9	9	8	8	9	1.12%
Franklin	102	102	102	102	100	100	0.00%
Grand Isle	8	8	8	8	8	8	0.00%
Lamoille	23	23	22	22	22	22	0.00%
Orange	49	48	47	47	47	47	0.00%
Orleans	82	82	82	82	79	79	0.00%
Rutland	35	35	34	34	34	33	-2.94%
Washington	18	18	18	18	17	17	0.00%
Windham	19	18	18	18	18	18	0.00%
Windsor	19	19	19	19	19	19	0.00%
TOTAL	519	514	509	508	501	500	-0.20%
ORGANIC	133	128	127	127	126	125	-0.79%

Ave. # dairy farms-2020 – 636, 2021 -583 & 2022 – 549

Dairy Cow Farms by Size – Milking cows

	LFO – over 700	MFO – 200 – 699	SFO –under 200	Total
2020	35	100	198 CSFO – 501	636
2021	35	95	216 CSFO - 453	583
2022	35	91	215 CSFO – 424	549

CSFO as of January 31, 2018. Certified Small Farms have 50 - milking cows to 199 cows.

Vermont Dairy Data-10 year Summary

Category	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 Q1
Ave. Milk Price	\$19.60	\$23.63	\$16.49	\$15.25	\$16.78	\$15.44	\$17.46	\$16.45	\$17.23	\$24.49	\$22.17
Class III price	\$17.99	\$22.34	\$15.80	\$14.87	\$15.92	\$14.61	\$16.96	\$18.16	\$17.08	\$22.03	\$16.11
DMC Margin-FSA	\$0.258	\$0.00	MPP/MCP Margin level	\$8.01	\$9.68	\$7.53	\$9.60	\$9.65	\$6.92	\$10.80	\$6.74
# of VT Cow Dairy Farms	939	880	853	838	796	725	677	636	583	550	514
Milk Production USDA	2.615 b lbs.	2.672 b lbs.	2.666 b lbs.	2.724 billion	2.728 Billion	2.680 Billion	2.695 Billion	2.602 billion	2.564 billion	213 mil.	215 mil.
Ave. # of cows in VT USDA	133,000	132,000	132,000	130,000	128,667	126,833	125,583	122,167	119,667	117,667	118,000
Ave. # of cows/ farm	142	150	155	155	162	175	185	192	205	216	230
Certified Organic Cow Dairy Farms	198	184	184	203	199	190	187	169	162	154	129
Off-Farm Dairy Processors	36	58	64	78	79	83	88	87	88	88	88
On-Farm Dairy Processors	59	62	71	67	68	63	66	67	70	70	70
Total Dairy Processors	95	120	135	145	147	146	154	154	158	158	158