



Vermont Dairy Update May 2023

What's New This Month

This month features an update on the organic dairy market. We will have quarterly organic dairy updates and include important legislative updates as they become available.

UVM Extension is hosting a number of in-person workshops and field days this summer. [This link](#) will take you to a list of all the events.

Grain Update

Global Corn: This month's 2022/23 U.S. corn outlook is for reductions to imports and food, seed, and industrial (FSI) use, with unchanged ending stocks. Corn imports are lowered 10 million bushels based on observed trade to date. Feed and residual use is unchanged at 5.275 billion based on indicated disappearance during the December February quarter. FSI is lowered 10 million bushels reflecting cuts to corn used for glucose and dextrose and starch. With supply and use falling by the same amount, ending stocks are unchanged at 1.342 billion bushels. The season-average farm price is unchanged at \$6.60 per bushel.

Soybeans: U.S. soybean supply and use forecasts for 2022/23 are unchanged relative to last month. Soybean and soybean meal prices are also unchanged. The soybean oil price is projected at 64.0 cents per pound, down 2 cents.

Wheat: Ukraine exported 8.4 million tons of wheat through the first half of 2022-23 versus 15.9 million tons for the same period one year ago. Last year this reduction in exports caused some rising grain prices globally.

Source: <https://www.usda.gov/oce/commodity/wasde>, <https://www.fas.usda.gov/data/grain-world-markets-and-trade>

Organic Dairy Update

After a winter where many farmers had poorer than average forages to feed out, the 2023 spring flush is likely to be extra dramatic this year as the cows return to pasture. Despite the slight but continuing downward trend in organic grain prices (see March update) and the anticipated increase in production, farmers are heading into the spring cropping season facing an inflated cost of production well above their pay prices. The extra volume will help improve cash flow but will not fully offset costs.

The details of the one-time program proposed by the USDA through the CCC program are slowly being unveiled. Payments will be based on average marketing costs for organic dairies, which the USDA has set at \$1.10/cwt, and will be equal to 75% of those marketing costs at 82.5 cents per cwt on 2022 production. All organic dairies producing under 5 million pounds are eligible with payments flowing through FSA this spring or early summer.

At the state level, the one-time program that would pay out \$5/cwt on 2022 production is still making its way through the statehouse legislative budgeting process.

	FAT	PROTEIN	SOLIDS	PPD/cwt.	@ 3.5 bf	I	II	III	IV	Futures	Futures
FEB-23	\$2.75	\$2.30	\$0.21	\$1.03	\$19.88	\$22.33	\$19.53	\$17.04	\$18.01	\$17.98	\$18.90
MAR-23	\$2.72	\$2.35	\$0.22	\$1.88	\$19.68	\$22.25	\$19.40	\$17.80	\$18.66	\$17.80	\$18.80
APR-23	\$2.74	\$2.44	\$0.20	\$1.84	\$19.70	\$22.21	\$19.27	\$17.87	\$18.66	\$17.90	\$19.05

Northeast Production Trends and Prices Forecast

April 27, 2023

	COMPONENT PRICES PER POUND				BOSTON BLEND PRICE @3.5 bf	Class Price				Class III Futures	Class IV Futures	DMC Margin ¹
	BUTTER		OTHER SOLIDS	BOSTON PPD/cwt.		I	II	III	IV			
	FAT	PROTEIN										
APR-23	\$2.71	\$2.30	\$0.25	\$1.35	\$19.13	\$22.10	\$18.67	\$17.78	\$18.10	\$18.62	\$17.98	\$6.34
MAY-23	\$2.66	\$2.10	\$0.19	\$2.01	\$18.65	\$22.82	\$18.50	\$16.64	\$17.67	\$16.61	\$17.80	\$5.30
JUN-23	\$2.66	\$2.22	\$0.16	\$2.08	\$18.93	\$21.66	\$18.71	\$16.85	\$17.93	\$17.18	\$18.01	\$5.61
JUL-23	\$2.67	\$2.50	\$0.16	\$1.61	\$19.33	\$22.04	\$18.93	\$17.72	\$18.14	\$17.98	\$18.37	\$6.38

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

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

[May not add due to rounding]

State	Milk cows ¹		Milk per cow ²		Milk production ²		Change from 2022
	2022	2023	2022	2023	2022	2023	
	<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	620	630	2,150	2,160	1,333	1,361	2.1
Pennsylvania	467	466	1,870	1,870	873	871	-0.2
Vermont	118	118	1,870	1,860	221	219	-0.9
24-State Total	8,908	8,952	2,113	2,116	18,827	18,946	0.6

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: February 2023 with Comparisons

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

State	February 2022		January 2022		February 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	25.40	4.13	24.70	4.16	22.50	4.17
Pennsylvania	25.70	4.11	24.80	4.13	22.70	4.14
Vermont	26.00	4.16	25.20	4.19	23.00	4.21
United States	24.70	4.18	24.20	4.21	21.60	4.21

Milk production in Vermont during March 2023 totaled 219 million pounds, down 0.9 percent from March 2022. The average milk price received by Vermont farmers in February 2023, at \$23.00 per hundredweight, is down \$1.10 from January 2023 and down \$3.00 from February a year ago.

Source: NASS Monthly Milk Production Report-Northeastern Region

National Dairy Outlook

Milk production compared to a year ago has slowed. Milk production was 1.4% higher in January, 1.1% in February and just 0.5% in March. Despite milk production increasing just 0.5% in March, the April Class III price will only increase about

\$0.50 from \$18.10 in March to \$18.60 in April. The May Class III price will decline to about \$17.50. Cheese prices have weakened a lot since March. The 40-pound block cheddar cheese was as high as \$2.10 per pound in March but has trended lower in April to now \$1.16. Cheddar cheese production has been rather strong with February production up 5.6% from a year ago and total American cheese production up 2.4%. Butter was as high as \$2.41 per pound in March. In April, butter ranged from \$2.32 to \$2.40 per pound. The March Class IV price was \$18.38 but April will be lower at \$17.95 and May near \$17.70.

Looking ahead it seems likely that the Class III price will be in the \$17's through June and returning to the \$18's for the second half of the year. This is based on the forecasted level of milk production, domestic sales, and dairy exports. Higher feed prices until at least the new 2023 crop, combined with lower milk prices have tightened operating margins that will impact cow numbers as well as milk per cow. Domestic sales of milk and dairy products are forecasted to increase nearly 2%. USDA forecasts dairy exports to fall below the record seen last year due to price competition from increased milk production from Europe and New Zealand, combined with uncertain demand from China and an uncertain global economy.

Class III futures have weakened but still forecast Class III in the \$19's from August through the end of the year. USDA's latest forecast has Class III strengthening slowly from \$18.15 second quarter to \$18.20 in the third quarter and \$18.25 in the fourth quarter.

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

Vermont Dairy Cow Operations by County – 2023

County	Jan.	Feb	March	April	% change prior month
Addison	75	75	75	75	0.00%
Bennington	7	7	7	7	0.00%
Caledonia	46	45	44	44	0.00%
Chittenden	27	25	24	24	0.00%
Essex	9	9	9	8	-11.11%
Franklin	102	102	102	102	0.00%
Grand Isle	8	8	8	8	0.00%
Lamoille	23	23	22	22	0.00%
Orange	49	48	47	47	0.00%
Orleans	82	82	82	82	0.00%
Rutland	35	35	34	34	0.00%
Washington	18	18	18	18	0.00%
Windham	19	18	18	18	0.00%
Windsor	19	19	19	19	0.00%
TOTAL	519	514	509	508	-0.20%
ORGANIC	133	128	127	127	-3.76

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.