

Dated February 7, 2024

## Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Feb)	\$16.13/cwt.	▲ 6.1 %	▲ 5.3 %	▼ 9.6 %
Class IV Milk Price (Feb)	\$20.13/cwt.	▲ 4.5 %	▲ 4.6 %	▲ 7.3 %
Corn (March)	\$ 4.34/bushel	▼ 2.3 %	▼ 6.7 %	▼ 36.1 %
SBean Meal (Jan)	\$ 351.2/ton	▼ 3.4 %	▼ 7.9 %	▼ 28.3 %
DMC Margin (November)*	\$ 9.58/cwt.	—	▲ 1.5 %	▼ 13.1 %

\*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 latest USDA numbers show total cattle inventories dropping another 2 percent in 2023 to 87.2 million head of cattle and calves on U.S. farms as of Jan. 1, 2024. As lingering drought continues to affect key beef regions in the US, the number of beef cows are down to 28.2 million head nationwide, also down 2 percent from a year ago. The U.S. calf crop was estimated at 33.6 million head, down 2 percent from the beginning of 2023, with the US beef herd is now at its smallest level since 1961.
- Heifer inventories are also dropping. The latest report shows there were about 4.06 million dairy heifers at 500 pounds or more, which is down 14,400 head from a year ago and the lowest to start the year since 2004. About 2.593 million head of those heifers will likely calve in 2024, which is down 30,000 head from last year. An estimated 27.7 replacements are expected to calve for every 100 head in the milking herd, which could be a new record low.
- USDA announced January's Class III and IV milk prices on the last day of the month, with the Class III milk price dropping 87 cents from December to \$15.17 per hundredweight. That's a \$3.72 drop from year-ago levels and the third lowest Class III price in the last 12 months. The Class IV milk price was announced at \$19.39 per hundredweight, down 16 cents from December and 62 cents below last January.
- Looking ahead, milk futures prices rebound slightly but stay fairly flat throughout 2024. The Class III milk futures prices average \$18.16 per cwt. for the next eleven months, while the Class IV price is averaging \$20.54 per cwt, based on settlement prices from February 6. USDA's World Ag Supply and Demand Estimates report is expecting the all-milk price to average around \$20 per cwt., down about 60 cents from where the all-milk price averaged in 2023.
- The dairy price index average was up 4.2 percent on the latest Global Dairy Trade auction to \$3,571 per metric ton. Butter prices were up 10.3 percent, while Cheddar cheese prices were up 6.3 percent. Skim milk powder prices were up 4.6 percent, and whole milk powder prices were up 3.4 percent.
- According to the latest USDA Dairy Products report, butter production was up 4.4 percent from a year ago to 196.32 million pounds. Total cheese production was up 0.9 percent to 1.21 billion pounds, while dry whey production fell to 9.2 percent and nonfat and skim milk powder production was down by 15.9 percent.

## Government/Industry:

- USDA announced the December margin through the USDA Dairy Margin Coverage Program at \$8.44 per hundredweight, down \$1.44 from November. The feed cost calculation under the program showed December feed costs increased by four cents to \$12.16 per cwt., while the All-Milk price dropped \$1.10 to \$20.60 per cwt. The margin results in an indemnity payment of \$1.06 per cwt. for those covered at the \$9.50 level, after sequestration. With December ending the year, the DMC program yielded a net payment after sequestration of \$2.49 for those covered at the \$9.50 level.
- Emerging owners and middle managers are encouraged to sign up for the "Management Essentials for Dairy Success" workshop series, starting on February 21 in Reedsville. Sessions will be held on March 6 and 20 as well, and participants must attend all three. Limited seats are available. Those who attend will get ideas on engaging, cultivating and setting expectations with your employees. Register and learn more at [extension.psu.edu/management-essentials-for-dairy-success-meds](http://extension.psu.edu/management-essentials-for-dairy-success-meds).