

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JAN. 10, 2024 — except where noted



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DMC, dairy product production, global trends: USDA announced the November margin under its Dairy Margin Coverage Program last week. With feed costs falling 4 cents from October and the all-milk price up 10 cents, the November margin was announced at \$9.58 per cwt., up 14 cents from October and the highest margin in 2023. The November margin is eight cents above the maximum \$9.50 coverage level, so no indemnity will be paid this month. The lower feed costs were fueled by a 27 cent drop in the per-bushel corn price and a \$7 drop in the per-ton alfalfa hay price. Soybean meal prices were up \$48.11 per ton. The November all-milk price was announced at \$21.70 per cwt., the second highest of the year.

With one month left to go in coverage for 2023, the net benefit of the DMC Program to those covered at the \$9.50 level year-to-date is \$2.41 per hundredweight, after the 15-cent premium is deducted off the total and after sequestration. That is just over \$24,000 per one million pounds of production history, or nearly \$121,000 for those covered at the maximum 5-million-pound coverage level for Tier 1. If you stack that on top of the indemnity payments that the program has provided to those at the \$9.50 level in the previous four years, the program has yielded nearly \$58,000 per one million pounds of coverage in the five years of its existence. Currently USDA's Decision Tool is projecting December's margin at below the \$9 coverage level. USDA is expected to open enrollment for the 2024 Program Year within the next few weeks.

USDA also released its latest Dairy Products Report earlier this week. Total cheese production is up 0.7% from a year ago to 1.16 billion pounds, which is down 2.6%, or about 30 million pounds, from October. American type cheese production was up 0.7% from a year ago but down 0.2% from October, while Cheddar production was down 0.4% from November 2022 and 1.9% from October. Butter production was down 3.7% from a year ago but up 1.8%, or 8.1 million pounds, from last month. The normal month-to-month in-

crease for butter production in November is 9.2 million pounds.

Nonfat and skim milk powder production is down 17.3% from a year ago, with nonfat dry milk powder production decreasing 7.6 million pounds from October versus a five-year average increase of 20.3 million pounds during the same period. Skim milk powder production was up 15.8 million pounds from October, versus a five-year average decrease of 5.1 million pounds.

The Dairy Production Report also showed stocks of nonfat dry milk powder falling 3.6% from October. In USDA's Cold Storage report released late last month, total cheese stocks were down 2% from October to 1.433 billion pounds, up slightly from November 2022 levels. Butter stocks were down 10% from October's levels to 215.4 million pounds, up 8% from year-earlier levels.

More demand for both cheese and butter could be coming in 2024, based on forecasts from USDA in its recent "Dairy: World Markets and Trade report." In that report, USDA is projecting dairy export volumes to grow in the coming year, although lower commodity prices are expected to keep dairy export sales below year-earlier levels. USDA expects total cheese exports to increase by 8.1% to 465,500 metric tons in 2024, with lower U.S. cheese prices expected to improve our competitiveness in the global marketplace. Exports of nonfat dry milk powder and skim milk powder are also expected to increase in 2024, increasing 3.4% to a record high 837,500 metric tons in the coming year.

In its first session in 2024, the dairy price index increased 1.2% to an average price of \$3,363 per metric ton. Butter and whole milk prices were up, increasing by 2.1 and 2.5%, respectively. Industrial bulk Cheddar cheese prices on the GDT fell 2.4%, while skim milk powder prices were down 0.9%. The average dairy price index on the GDT has been trending up over the past eight sessions or since September 2023.

Prices change daily. This market information is an example for educational purposes. The market data below are compiled weekly by Farmshine, via CME & USDA reports.

CME DAILY FUTURES & OPTIONS TRADING — JAN. 3, 2024 AT THE CLOSE

*AVG = Average basis for North-East and Mid-East	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	DEC-24	TREND			
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Jan off \$0.10, Feb-Mar up \$0.50-0.75, Apr-May up \$0.05-0.15, Jun-Dec unevenly steady to \$0.05 lower.	15.20	16.22	16.66	17.34	17.80	18.07	18.21	18.29	18.42	18.50	18.45	18.23	12-Month Avg. 17.61 ↑↑			
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Jan-Jun firm to mostly \$0.10 higher, Jul-Sep weak to \$0.05 lower, Oct-Dec generally steady.	19.33	19.17	19.39	19.50	19.60	19.80	19.80	19.93	20.02	20.03	20.05	19.83	Mixed ↑↑			
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	15.25 0.12	16.25 0.41	16.75 0.66	17.25 0.70	17.75 0.83	18.00 0.91	18.25 1.04	18.25 1.04	18.50 1.15	18.50 1.16	18.50 1.20	18.25 1.29				
MILK BASIS (\$/CWT) — 2017-22 PA BASIS AND AVG PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA 1.17	0.62	1.53	2.29	1.82	1.58	0.99	1.03	0.95	0.79	0.60	0.79				
*AVG	0.85	1.67	2.55	2.15	1.66	1.45	1.25	1.31	1.15	0.69	0.74	1.38				
DMC OFFICIAL GROSS MARGINS per cwt(USDA All-Milk, com, alfalfa & Ill. soybean, feed for ALL CLASSES of dairy cattle on farm) Updated with NEW prem. alfalfa feed cost	DMC SEP-22	OCT-22	NOV-22	DEC-22	JAN-23	FEB-23	MAR-23	APR-23	MAY-23	JUN-23	JUL-23	AUG-23	SEP-23	OCT-23	*NOV-23	TREND
	8.62	10.71	10.89	9.76	7.94	6.19	6.08	5.84	4.83	3.65	3.52	6.46	8.44	9.44	*9.58	↑↑

U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report	AUG-22	SEP-22	OCT-22	NOV-22	DEC-22	JAN-23	FEB-23	MAR-23	APR-23	MAY-23	JUN-23	JUL-23	AUG-23	SEP-23	OCT-23	*NOV-23	TREND
	308.17	290.70	300.10	289.50	296.50	266.60	297.25	277.00	290.00	292.86	244.27	254.92	243.50	238.50	217.82	*240.41	↑↑
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report	1407	1265	1310	1290	1300	1250	1352	1342	1330	1400	1559	1502	1540	1500	1741	*2108	↑↑
U.S. AVG. FRESH COWS per head as reported by USDA Monthly National Dairy Comprehensive Report	1417	1384	1701	1526	1531	1436	1487	1493	1544	1469	1792	1615	1634	1643	1830	*1988	↑↑

CORN FUTURES (\$/BU)	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	MAR-26	MAY-26	TREND
	4.594	4.714	4.812	4.850	4.920	5.030	5.082	5.090	4.952	4.942	5.022	5.056	↓↓
WEEK AGO	4.652	4.780	4.882	4.912	4.984	5.094	5.146	5.154	4.992	4.972	5.036	5.072	

SOYMEAL FUTURES (\$/TON)	MAR-24	MAY-24	JUL-24	AUG-24	SEP-24	OCT-24	DEC-24	JAN-25	MAR-25	MAY-25	JUL-25	AUG-25	TREND
	361.3	364.3	364.2	366.6	366.0	364.2	361.3	362.5	362.2	360.9	360.4	361.5	↓↓
WEEK AGO	380.4	379.3	380.3	378.3	375.3	371.8	373.4	372.9	370.6	369.9	371.2	370.2	

* = NEW PA MILK MARGIN & IOFC - LATEST PSU VALUES - *AUG. 2023	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	CME DAIRY CASH-SETTLED FUTURES (\$/LB) 01/10/24	SPOT CASH TEND 01/10/24
*AUG (estimated)	*8.84 ↓↓	*8.14 ↑↑	*14.78 ↑↑	NFDM 1.204	1.1800 ↑↑
PREV MO	9.16	6.18	13.05	WHEY 0.433	0.4300 ↑↑
YR AGO	9.38	12.61	219.65	BUTTER 2.630	2.5675 ↓↓
Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price				CHEESE 1.528	Mixed See Below
				CME SPOT CHEESE: BARRELS 1.4800 / 40 LB BLOCKS 1.5600 ↑↑ / ↑↑	

* = NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	CL I ADV ↓↓	CL II ↓↓	CL III ↓↓	CL IV ↓↓	ALL-MILK-U.S	ALL-MILK-PA	CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW	WEIGHTED AVG. 4-WK DEC. 1-30, 2023	DEC. 2023 COMPONENTS			
	18.48 (JAN)	*19.88 (DEC)	*16.04 (DEC)	*19.23 (DEC)	21.70 (NOV) ↑↑	23.10 (NOV) ↑↑	*CHEESE 1.6234	1.6234	0.2003	1.4231	↓↓	*PROT 1.4499 ↑↑
	19.76	21.21	17.15	20.87	21.60 4.21F	22.80 4.08F	*BUTTER 2.6305	0.1715	2.4590	↓↓	*B.FAT 2.9778 ↓↓	
	22.58	23.11	20.50	22.12	25.40 4.23F	26.60 4.12F	*NFDM 1.1924	0.1678	1.0246	↑↑	*N.FAT 1.0144 ↑↑	
							*DRYWHEY 0.4168	0.1991	0.2177	↑↑	*OTHER 0.2242 ↑↑	

CATTLE - DAIRY PURPOSES (\$/HD) JAN. 10, 2024, New Holland PA Receipts down slightly from a year ago, but over half (58%) were fresh milking cows and springer cows and heifers, 22% bred cows and heifers, 9% open heifers. Prices \$100-200 lower, except bred cows higher.	COWS: Fresh	Bred	Springing	HEIFERS: Bred	Springing	Beef x	Open: 300-600 lbs	Beef X	600-900 lbs	Beef X	900-1100 lbs	BULLS (800-1300 lbs)
	1975	1900	1750 LTD	1700	1800		700	825	N/A	N/A	N/A	N/A
	2075	1600	2125	1650	2100		N/A	975	1350	1150		

PA Auction Markets Dec. 29, 2023 - Jan. 2, 2024	FED HOLSTEIN STEERS (\$/CWT LIVWEIGHT)	CURRENT Beef X	2 WEEKS AGO	YR AGO
CULL MARKET COWS (\$/CWT LIVWEIGHT)	Choice & Prime 1250-1550 lbs light test	133.00 (Ltd)	135.00	122.60 ↓↓
Premium White Breakers Boners Lean	BULL CALVES: No. 1 & 2, 90-130 lbs	325.00	550.00	325.00 550.00 150.00 ↑↑
	70-85 lbs	400.00	600.00	400.00 600.00 165.00 ↑↑

Price averages do not include lower-end common

Average to high dressing

Two Weeks Ago: N/A, 99.85, 90.25, 80.25

Year Ago: N/A, 79.75, 74.00, 68.85

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