

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JAN. 17, 2024 — except where noted



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Fluid milk as a staple: Have you ever had to go to a grocery store right before a snowstorm? Anytime there is more than an inch of snow forecasted, it seems like everyone and their brother rushes there to buy the essentials for their household – bread, eggs, milk, toilet paper – whatever they perceive they can't do without in the event of a major shutdown. I find this funny because rarely are roads shut down for more than a day – or even a couple of hours anymore – because of a snowstorm.

Even when we had three teenage boys at home, I never had to worry about how much milk was in the refrigerator because I knew I had a whole milk tank full right across the driveway. I am thankful, though, that so many people still see it as an essential they can't do without for even a day or two. IRI (International Resources Inc) data demonstrate how much of a staple milk is in U.S. households.

Based on data from 2019, fluid milk is still in 94% of the nation's households, with 52% of those households exclusively buying milk (33 gallons of milk per year). That means 42% of U.S. households buy both milk and plant-based alternatives (29 gallons of milk per household compared to only 5 gallons of plant-based beverages). Furthermore, only 3% of households buy plant-based beverages exclusively (9 gallons per household per year). The remaining households (3%) do not buy either milk or plant-based beverages.

Surprisingly, fluid milk's number one competitor is not plant-based beverages. It is water. Based on market research conducted and reported in 2017, if a consumer chose to drink something besides milk, 53% of the time they chose to drink bottled water instead. Coffee was a distant second with 11% saying they drank coffee instead of milk. Plant-based beverages, encompassing all types, came in fifth with consumers reaching for those only 6.6% of the time.

Unfortunately, although many households continue to see fluid milk as a staple, per capita consumption of fluid milk products has been on a downward track since 2000, falling more than 196 pounds to 130 pounds in the past 22 years. Total fluid milk sales have followed a similar trend, falling more than 12 million pounds since its peak in 2011 to just under 43.45 billion pounds in 2022. That's a drop of more than 20% in the past 12 years.

In October 2023, fluid milk sales bucked the trend, increasing 0.9% from a year ago to 3.7 billion pounds. The increase was driven by increased demand for reduced-fat flavored milks. Despite the bright spot in October, the fluid milk sales for the first 10 months of 2023 continued to be below year-ago levels, down 1.6% for the year with two months in sales left to report.

Bright spots, though, do appear in the fluid milk category, with whole milk sales and sales of flavored milks increasing in recent years.

Whole milk sales hit a low point in 2013 at 13,784 million pounds before rebounding to more than 15,812 million pounds by 2021. That is a 15% increase in the past eight years. Flavored milk sales also continue to stay strong, peaking at 4,633 million pounds in 2017 before falling slightly to 4,171 million pounds in 2021.

This recent trend toward whole and flavored milks could be explained by a 2018 consumer survey that shows millennials and those in the iGen and GenX age groups were more likely to purchase whole milk and flavored milks. According to the study, 41% of Millennials were more likely to purchase whole milk while only 26% of Baby Boomers were likely to purchase whole milk. Flavored milks were also more preferred by those in the iGen and Millennial age groups.

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. 17, 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 \$0.05, Feb-Jun down \$0.25-0.50, Jul-Nov weak to mostly \$0.10 lower, Dec \$0.05 higher.	15.16	15.71	16.14	16.90	17.50	17.90	18.12	18.29	18.39	18.41	18.40	18.26	12-Month Avg. 17.43 ↓↓				
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Jan-Jul \$0.05-0.25 lower, mostly down \$0.10, Aug-Dec firm to \$0.07 higher, except Nov down \$0.03.	19.28	19.04	19.08	19.34	19.58	19.68	19.77	19.94	20.10	20.06	20.00	19.86	12-Month Avg. 19.64 ↓↓				
*MARGIN = Milk Price over Feed Cost per cwt. YELLOW = payment triggered	15.25	15.75	16.25	17.00	17.50	18.00	18.00	18.25	18.50	18.50	18.50	18.25	1.22				
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	15.25	0.11	15.75	0.29	16.25	0.59	17.00	0.72	17.50	0.79	18.00	0.96	18.00	0.90			
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	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	*DEC-23
	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	*231.7 ↓↓
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report	1265	1310	1290	1300	1250	1352	1342	1330	1400	1559	1502	1540	1500	1741	2108	*N/A
U.S. AVG. FRESH COWS per head as reported by USDA Monthly National Dairy Comprehensive Report	1384	1701	1526	1531	1436	1487	1493	1544	1469	1792	1615	1634	1643	1830	1988	*N/A

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
	4.420	4.536	4.624	4.676	4.750	4.860	4.916	4.930	4.830	4.832	4.920	4.962	↓↓
WEEK AGO	4.594	4.714	4.812	4.850	4.920	5.030	5.082	5.090	4.952	4.942	5.022	5.056	

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
	358.7	356.1	358.1	358.0	356.5	354.4	356.0	356.1	354.9	354.7	356.0	354.1	↓↓
WEEK AGO	361.3	364.3	364.2	366.6	366.0	364.2	361.3	362.5	362.2	360.9	360.4	361.5	

* = 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)	01/17/24	SPOT CASH	TREND						
*AUG (estimated)	*8.84 ↓↓	*8.14 ↑↑	*14.78 ↑↑	NFDM	1.204	1.205	1.211	1.244	1.251	1.268	1.285	↓↓	1.1950 ↑↑
PREV MO	9.16	6.18	13.05	WHEY	0.435	0.430	0.435	0.450	0.442	0.450	0.462	↓↓	0.4050 ↓↓
YR AGO	9.38	12.61	219.65	BUTTER	2.620	2.570	2.551	2.568	2.585	2.600	2.610	↓↓	2.5800 ↓↓
Cheese ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price				CHEESE	1.520	1.592	1.633	1.705	1.770	1.810	1.833	↓↓	See Below

* = 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	0.2003	1.4231	↓	PROT	1.4499 ↑↑
	19.76	21.21	17.15	20.87	21.60	22.80	BUTTER	2.6305	0.1715	2.4590	↓↓	B.FAT	2.9778 ↓↓
	22.58	23.11	20.50	22.12	25.40	26.60	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	600-900 lbs	900-1100 lbs	BULLS (800-1300 lbs)
	1975	1900	1750	LTD	1700	1800	700	825	N/A	N/A	N/A
	2075	1600	2125		1650	2100	N/A	975	1350	1150	

PA Auction Markets Jan. 11-16, 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	145.00 (Ltd)	133.00	131.00
Premium White Breakers Boners Lean	BULL CALVES: No. 1 & 2, 90-130 lbs	375.00	625.00	325.00
	70-85 lbs	410.00	675.00	400.00

Price averages do not include lower-end common

Average to high dressing

TWO WEEKS AGO: N/A, 104.75, 95.50, 83.25

YEAR AGO: N/A, 79.85, 72.10, 66.85

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