

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — FEB. 1, 2023 — except where noted

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JANUARY: World milk supply is on the rise with the European Union and the United Kingdom milk production showing sustained year-over-year (YOY) gains in addition to YOY gains seen the last several months in the U.S. In contrast, New Zealand milk production is being hampered by overly wet conditions and fell 0.6% YOY in December but is down 2.7% during the current 2022-23 season compared to the same period in 2021-22. The increases in the EU and U.S. currently make up for the shortfall in Oceania. This, of course, is putting downward pressure on product prices, thus farmgate milk prices.

Class III and IV milk prices continue to drop, especially through the first four months before they both look to consistently improve through early fall 2023. Class IV has been above Class III for 13 out of the last 14 months. This trend appears to be coming to an end. Based on Jan. 30 closing futures, Class III price exceeds Class IV in May and remains higher through Oct. 2023. The 12-month average Class III price is now \$19.01, 91 cents per cwt less than a month ago. Class IV continues a steeper decline with the 12-month average falling to \$19.04 -- \$1.35 less than this time last month. Despite declines in Class III and IV milk prices, each remains well above the 5-year averages of \$17.75 and \$16.92, respectively.

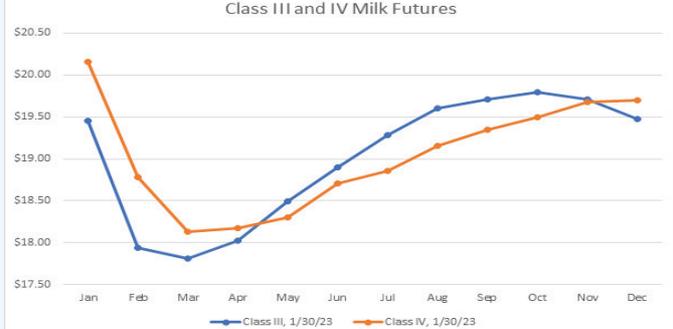
December U.S. milk production did not increase as much as was expected. However, it did experience a 0.8% YOY increase to 18.9 billion pounds, 144 million pounds more than last Dec. 2021. A smaller herd size contributed to slower growth. The national herd size was estimated at 9.4 million head, 8,000 less than November's herd size. The USDA revised November's herd size down to 9.408 from the 9.42 reported in the December Milk Production report. Cow numbers are down 16,000 head from October and down 27,000 from December 2021. With reduced cow numbers but increased total milk production, the average U.S. milk cow was more efficient. She produced 9 pounds more (+0.46%) milk at 2,014 pounds per cow during the month of December than a year ago.

Milk production in Pennsylvania also reflected more efficient cows. The December Keystone State herd size fell 2,000 cows from November and 5,000 cows YOY (-1.1%) to 465,000 head. On average, each cow pro-

duced 1,795 pounds of milk, 21 pounds more (+0.6%) than a year ago. Pennsylvania's production lagged the national average by 219 pounds per cow in December. Pennsylvania's total production increased by about 1 million pounds YOY (+0.1%) to 835 million pounds.

November dairy exports continued their record volume pace and added to the record value from October. A total of 177,900 metric tons (MT) of milk solids equiv. dairy products left U.S. borders in Nov. This is 16,011 MT more (+9%) than last Nov. Export value was up \$148 million (+23%) YOY to \$643 million. Through Nov., total export volume was up 95 million MT (+4.4%) compared to 2021 to 2.217 million MT. Value was estimated at \$8.880 billion, \$1.8 billion (+25%) compared to 2021.

Each month the Center hosts its "Protecting Your Profits" webinar the 4th Wednesday at noon. January's webinar featured guest presenter Rob Goodling, agriculture business consultant with Horizon Farm Credit. Rob provided a recap of 2022 dairy markets and his perspective on what markets and margins look like going through 2023. You can watch the webinar recording or listen to the audio podcast at www.centerfordairyexcellence.org/PYP and subscribe to the podcast version on Spotify, Amazon Music, or Apple Podcasts to be notified when new episodes are available.



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 — FEB. 1, 2023 AT THE CLOSE													TREND										
FEB-23	MAR-23	APR-23	MAY-23	JUN-23	JUL-23	AUG-23	SEP-23	OCT-23	NOV-23	DEC-23	JAN-24												
CLASS III MILK FUTURES (\$/CWT) vs. week ago: Feb-Mar \$0.30 lower, Apr-Nov \$0.05-0.10 lower, Dec23-Jan24 \$0.15-0.30 lower.													12-Month Avg. 18.91										
17.90	17.64	17.93	18.45	18.85	19.20	19.56	19.72	19.73	19.59	19.40	19.00		↓										
CLASS IV MILK FUTURES (\$/CWT) vs. week ago: Feb down \$0.15, Mar23-Nov24 \$0.10-0.25 higher, Dec23-Jan24 fully steady.													12-Month Avg. 19.18										
18.76	18.36	18.45	18.66	18.91	19.13	19.35	19.65	19.75	19.75	19.70	19.70		↑										
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																							
18.00	0.23	17.50	0.42	18.00	0.70	18.50	0.84	18.75	0.84	19.25	1.02	19.50	1.05	19.75	1.17	19.75	1.23	19.50	1.22	19.50	1.37	19.00	1.24
MILK BASIS (\$/CWT) — PA BASIS & 2016-19 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)																							
PA	0.62	1.53	2.29	1.82	1.58	0.99	1.03	0.95	0.79	0.60	0.79	1.17											
*AVG	1.67	2.55	2.15	1.66	1.45	1.25	1.31	1.15	0.67	0.74	1.38	0.85											
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	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	OCT-22	NOV-22	*DEC-22								
	8.54	9.14	9.53	11.54	10.98	11.55	12.29	12.51	11.92	9.92	8.08	8.62	10.71	10.89	*9.76	↓							

U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report																
SEP-21	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	OCT-22	NOV-22	*DEC-22	
246.10	256.09	262.84	242.90	270.34	253.80	278.02	280.00	322.00	321.17	312.50	308.17	290.70	300.10	289.50	*296.50	↑
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report																
993	1018	1062	1152	1151	1237	1253	1390	1278	1184	1350	1407	1265	1310	1290	*1300	↑

CORN FUTURES (\$/BU)													TREND
MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	MAR-25	MAY-25		
6.810	6.794	6.680	6.106	5.962	6.032	6.062	6.052	5.654	5.542	5.604	5.620	↑	
WEEK AGO													
6.746	6.732	6.632	6.044	5.880	5.950	5.982	5.970	5.554	5.452	5.514	5.530		

SOYMEAL FUTURES (\$/TON)													TREND
MAR-23	MAY-23	JUL-23	AUG-23	SEP-23	OCT-23	DEC-23	JAN-24	MAR-24	MAY-24	JUL-24	AUG-24		
484.7	469.4	458.1	440.1	418.9	402.3	399.9	396.3	390.1	386.4	385.0	381.5	↑	
WEEK AGO													
465.5	452.8	444.9	430.1	412.4	396.7	394.8	391.9	386.0	382.3	380.8	376.8		

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *NOV 2022				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 02/01/23								SPOT CASH	TREND
FEED =	FEED COST	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	FEB	MAR	APR	MAY	JUN	JUL	AUG		02/01/23	
\$/CWT	*NOV (estimated) *0.25	*13.01	*19.95	1.279	1.234	1.220	1.236	1.249	1.269	1.288	↑	1.200	↑
IOFC =	PREV MO 9.21	13.26	20.18	0.376	0.355	0.352	0.357	0.370	0.385	0.395	↓	0.355	↑
\$/COW	YR AGO 8.02	10.11	12.26	2.342	2.360	2.400	2.410	2.435	2.457	1.248	Steady	2.330	↑
	Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price												
	CME SPOT CHEESE: BARRELS 1.5825 / 40 LB BLOCKS 1.8950 ↑ / ↓												

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)							*CURRENT FEDERAL ORDER VALUES (\$/LB) *NEW									
CL I ADV	CL II	CL III	CL IV	ALL-MILK-U.S.	ALL-MILK-PA		WEIGHTED AVG. 4-WK	JAN. 1-28, 2023	PRODUCT	VALUE	MAKE ALLOW	NET	*JAN 2023	COMPONENTS		
20.78(FEB)	*21.61(JAN)	*19.43(JAN)	*20.01(JAN)	*24.70(DEC)	*25.50(DEC)				*CHEESE	1.9767	0.2003	1.7667	↓	*PROT	2.8058	↑
				4.27F	4.18F				*BUTTER	2.4599	0.1715	2.2884	↓	*B.FAT	2.7713	↓
									*NFDM	1.3662	0.1678	1.1984	↓	*N.FAT	1.1864	↓
									*DRYWHEY	0.4266	0.1991	0.2275	↓	*OTHER	0.2343	↓

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. Jan. 25, 2023 sale New Holland, PA)												
COWS: Fresh	Bred	Springing	*HEIFERS: Bred	Springing	Beefx	Open:	300-600 lbs	Beef X	600-900 lbs	Beef X	900-1100 lbs	BULLS(900+ lbs)
1325	1150	N/A	1275	1200	850	1055	500	1025	N/A	1175	N/A	
WEEK AGO COMPARISON												
1475	1200	1425	1225	1400	N/A	625	N/A	825	N/A	1010	800	
FED HOLSTEIN STEERS (\$/CWT LIVELINEWEIGHT)												
Choice & Prime	1250-1550 lbs light test	130.00										
		122.10										
BULL CALVES: No. 1 & 2, 90-130 lbs												
		165.00	300.00									
		165.00	335.00									
			140.00	325								
			112.00	112								

Price averages do not include lower-end common

Average to high dressing

brought to you by:

	Premium White	Breakers	Boners	Lean
	81.50	76.10	71.85	71.85
WEEK AGO	79.35	73.60	66.50	
YEAR AGO	75.85	67.25	55.35	