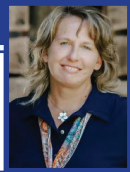


# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — FEB. 7, 2024 — except where noted



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**Cattle prices not likely to subside:** If you're like me, you probably appreciated the cull cow prices we received in 2023. When milk prices fell to their lowest in the summer months, you could still count on a decent price per pound if you sent a cow to auction. For those who are using some type of beef on dairy program in their herd, the prices we received for those Angus crosses was also very helpful, with some folks reporting getting \$700 or more for one week old black calves.

The trend toward higher beef prices is expected to continue in 2024, with the latest USDA numbers showing cattle inventories dropping another 2% 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 U.S., the number of cows and heifers that have calved has fallen by 2% from a year ago to 37.6 million head. U.S. calf crop was estimated at 33.6 million head, down 2% from the beginning of 2023. The number of beef cows are down to 28.2 million head nationwide, also down 2% from a year ago. The US beef herd is now at its smallest level since 1961.

The number of cattle on feed was up 2% in 2023 to 14.4 million head as of January 1. With beef cow inventories being so low, it is likely that beef cattle on feed inventories include dairy beef crosses. Recently, I attended a meeting where Dr. Tara Felix reported that beef semen sales increased from 2.5 million in 2017 to 9 million in 2023, an increase of 285%. Much of this increase in sales was attributed to dairy producers integrating beef on dairy into their reproductive strategy.

As we have seen in the most recent USDA Milk Production reports, the number of milk cows in the nation is also declining, but at a slower pace than the beef cow inventory. The dairy herd fell slightly from a year ago to 9.36 million head as of Jan. 1. Dairy cow inventories are now at their lowest level since June 2020. Heifer replacement inventories are down more dramatically than milk cow inventories, which could mean dairy producers may be less likely to

cull cows from their milking herd.

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. Higher replacement costs are likely driving the record low heifer inventories.

A report released by Iowa State University Extension reviewed budgets from 17 dairy operations from varying production styles and estimated the average cost to raise a dairy heifer to 24 months of age in 2024 will be about \$2,387. Conventional primarily-Holstein herds that are pushing higher milk production will spend more on their heifer raising programs, with the average estimated cost in the report being \$2,651, while grazing herds with lower milk production will spend about \$2,258. Jersey herds are also expected to spend less on raising heifers than the Holstein herds.

The report showed that lowering the average age of calving from 24 to 23 months would save an average of \$93 per heifer, or about \$3,720 per year for a 100-cow herd raising 40 replacements a year. However, for the average age to first calving to drop, heifers would need to reach 85% of their mature body weight before calving. Otherwise, the herd's milk production could suffer.

The record low beef inventories are expected to keep prices strong into 2024, with one analyst forecasting cull cow prices to average \$115 per hundredweight, up \$16 from 2023. Recently weaned feeder calves, at 550 pounds, are expected to average \$290 per hundredweight, up \$28 from a year ago. With the number of heifer replacements dropping and beef prices expected to remain strong in 2024, the U.S. milk cow herd could continue to drop in the coming year.

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. 7, 2024 AT THE CLOSE

*AVG =	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	DEC-24	JAN-25	TREND			
Average basis for North-East and Mid-East																
<b>CLASS III MILK FUTURES (\$/CWT) vs. wk ago:</b> \$0.10-0.45 higher, across the board, mainly up \$0.20-0.25.	16.23	17.33	17.63	17.86	18.18	18.39	18.45	18.63	18.60	18.56	18.24	18.06	↑↑			
<b>CLASS IV MILK FUTURES (\$/CWT) vs. wk ago:</b> \$0.20-0.40 higher across the board.	20.13	20.19	20.34	20.55	20.72	20.87	21.08	21.88	21.19	21.16	20.50	19.10	↑↑			
*MARGIN = Milk Price over Feed Cost per cwt. YELLOW = payment triggered																
<b>CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium</b>	16.25 0.88	17.25 0.42	17.75 0.71	17.75 0.73	18.25 0.90	18.50 1.00	18.50 1.08	18.75 1.18	18.50 1.10	18.50 1.19	18.25 1.25	18.50 1.00				
<b>MILK BASIS (\$/CWT) — 2017-22 PA BASIS AND AVG PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)</b>	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				
<b>DMC OFFICIAL GROSS MARGINS per cwt(USDA All-Milk, com, alfalfa &amp; ill. soybean, feed for ALL CLASSES of dairy cattle on farm) Updated with NEW prem. alfalfa feed cost</b>	DMC 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	TREND
	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	*8.44	↓↓

U.S. AVG PREMIUM ALFALFA & ALFALFA/ GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report	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	JAN-24	TREND
	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	231.70	*254.85	↑↑
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report	1310	1290	1300	1250	1352	1342	1330	1400	1559	1502	1540	1500	1741	2108	N/A	*1635	↓↓
U.S. AVG. FRESH COWS per head as reported by USDA Monthly National Dairy Comprehensive Report	1701	1526	1531	1436	1487	1493	1544	1469	1792	1615	1634	1643	1830	1988	*N/A	*1792	↓↓

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
	4.342	4.464	4.554	4.632	4.736	4.850	4.910	4.930	4.824	4.836	4.932	4.970	↓↓
WEEK AGO													
	4.482	4.584	4.664	4.714	4.800	4.914	4.970	4.990	4.872	4.882	4.970	4.994	

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
	351.2	347.8	351.0	351.4	350.3	347.9	349.9	348.9	349.1	350.7	349.3	346.7	↓↓
WEEK AGO													
	368.3	364.1	366.6	366.5	364.8	361.7	362.6	362.7	361.4	361.4	362.8	361.0	

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *OCT. 2023	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	CME DAIRY CASH-SETTLED FUTURES (\$/LB) 02/07/24	SPOT CASH TREND
FEED = \$/CWT.	*OCT. (estimated) *7.63	*11.38	*17.10	FEB24 MAR24 APR24 MAY24 JUN24 JUL24 AUG24	02/07/24
IOFC = \$/COW	PREV MO 8.02	10.11	16.13	NFDM 1.220 1.226 1.240 1.255 1.284 1.296 1.300	↑↑ 1.2200
TX = \$/COW	YR AGO 9.21	13.26	20.18	WHEY 0.465 0.502 0.514 0.522 0.510 0.500 0.500	↑↑ 0.4900
				BUTTER 2.745 2.760 2.775 2.795 2.815 2.830 2.857	↑↑ 2.7700
				CHEESE 1.603 1.710 1.726 1.745 1.783 1.802 1.825	↑↑ See Below
				CME SPOT CHEESE: BARRELS 1.5750 / 40 LB BLOCKS 1.6150 ↑↑ / ↓↓	

**USDA OCT-23 NEW * ALL-MILK BF MAILBOX	*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW
FL \$26.40 3.88 \$24.80	CL I ADV ↓↓ *17.99(FEB)	WEIGHTED AVG. 4-WK JAN. 1 - 27, 2024
SE \$26.10 3.93 \$24.13	CL II ↑↑ *20.04(JAN)	PRODUCT VALUE MAKE ALLOW NET
APP \$25.90 4.03 \$23.52	CL III ↓↓ *15.17(JAN)	*CHEESE 1.5226 0.2003 1.3223 ↓↓ *PROT 1.1265 ↓↓
NY \$23.50 4.19 \$22.64	CL IV ↑↑ *19.39(JAN)	*BUTTER 2.6294 0.1715 2.4579 ↓↓ *B.FAT 2.9765 ↓↓
ENG \$23.20 4.16 \$22.60	*ALL-MILK-U.S. *20.60(DEC) ↓↓ *21.80(DEC) ↓↓	*NFDM 1.2112 0.1678 1.0434 ↑↑ *N.FAT 1.0330 ↑↑
PAhead \$22.80 4.08 \$22.37	3.95F 4.22F	*DRYWHEY 0.4338 0.1991 0.2347 ↑↑ *OTHER 0.2417 ↑↑
MO N/A N/A \$22.10	MONTH AGO	
IN \$22.80 4.05 \$21.82	18.48 19.88 16.04 19.23 21.70 4.32F 23.10 4.24F	
WVOR \$23.40 4.38 \$21.75	YEAR AGO	
*PAwestern PA only \$21.74	20.78 21.61 19.43 20.01 24.70 4.20F 25.50 4.11F	
OH \$22.70 4.07 \$21.67		
IL \$21.20 4.19 \$20.95		
U.S. \$21.60 4.21 \$20.81		
CA \$21.60 4.21 \$20.60		
MI \$20.90 4.13 \$20.58		
NEKS \$20.70 4.26 \$19.76		
TX \$22.00 4.26 \$19.68		
MN \$20.60 4.51 \$19.56		
IA \$19.60 4.28 \$19.36		
WI \$19.40 4.14 \$19.27		
NM \$20.30 4.04 \$18.99		

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: Bred cows	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
	2075	1600	2125	1650	2100	N/A	975	1350	1150	
	MONTH PRIOR									

PA Auction Markets Feb. 1-6, 2024	FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)	CURRENT Beef X	WEEK AGO	YR AGO
<b>CULL MARKET COWS (\$/CWT LIVELWEIGHT)</b>	Choice & Prime 1250-1550 lbs light test	145(ltd)	152.00	111.35
Premium White Breakers Boners Lean	<b>BULL CALVES:</b> No. 1 & 2, 90-130 lbs	350.00	385.00	625.00
	70-85 lbs	400.00	710.00	115.00
			350.00	735.00
			108.35	102.00
			98.85	
			107.00	101.35
			78.75	71.60

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Average to high dressing