

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — FEB. 15, 2023 — except where noted



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2022 Dairy Export Records: Despite higher domestic and international milk prices throughout most of 2022, U.S. dairy products remained below other international dairy exporters. This made U.S. dairy products more competitive and resulted in record export growth for several key dairy products. 2022 was the third consecutive year to surpass the previous year's record. Since dairy product prices remained historically high through much of 2022 and volume reached a record high, the value of U.S. dairy exports easily eclipsed the record set in 2021.

According to the USDEC and USDA data, the U.S. exported a total volume of 2.402 million metric tons (MT) during 2022, an increase of 119,022 MT (+5%) compared to 2021, to become the third consecutive year for record total volume. With higher-than-normal dairy product prices through 2022, the previous value record, \$7.703 billion, set during 2021 had already been eclipsed in October 2022. Nov. and Dec. added to that record for a grand 2022 total export value of \$9.614 billion. There is a big headwind to overcome if the U.S. is to set a new export volume and value records in 2023. International dairy product prices are falling, and the U.S. no longer has the lowest dairy product prices of the top three major dairy exporting regions.

The world milk supply is trending up which will continue to challenge dairy product prices. Although milk production is lower in Oceania (largest dairy exporting region) than a year ago, milk production in the EU (second largest dairy exporting region) is on the rise after a rough year in 2022. For the last few months, production in the U.S. has also been up around 1%. The U.S. is the third largest exporting region. Currently, EU dairy product prices are cheaper than the U.S., and EU dairy exporters will look to use that as a competitive advantage to gain back market share this year.

Only two of the top 11 dairy product categories experienced declines during 2022. Whole milk powder, the 7th highest volume category, was basically flat, with a year-over-year decrease of 1%

(-451 metric tons). Nonfat dry milk/skim milk powder (NDM/SMP) volume was down YOY by 6% (-54,136 MT). This is important because NDM/SMP is the largest dairy export product. However, USDEC notes that the main reason for NDM/SMP being down was not due to lack of demand. With lower milk production and strong demand for higher value dairy products in 2022, dairy product production shifted away from NDM/SMP. This resulted in limited product availability to send across U.S. borders. Although NDM/SMP volume was down, it still remained the largest volume category at 827,313 MT exported, but fell short of 2021's record 881,449 MT.

Dry whey, cheese, and lactose made notable YOY gains that resulted in record highs. Dry whey was the second highest volume dairy product exported with 667,201 MT leaving U.S. borders during 2022. This was 53,196 MT (+9%) more than 2021's record volume. At 452,438 MT, lactose exports exceeded 2021's record volume by 62,614 MT (+16%) and it was the third highest volume category. Cheese was the fourth highest volume category at 451,370 MT and represented a new record volume, exceeding 2021's record by 48,913 MT (+12%). Cheese and lactose exports have alternated between 3rd and 4th place over the last few years. Cheese exports ranked 3rd in 2021 and 4th in 2020. Butterfat rounds out the top 5 dairy export categories with 81,721 MT exported in 2022. This was 43% more than 2021, but fell short of the 2013 record of over 90,000 MT to settle as second highest butterfat volume total.

Source: USDEC and USDA			
	2021	2022	21-'22 change (%)
Total Value (million \$)	\$7,702.7	\$9,614.3	25%
Total Volume (MT MSE)	2,282,793	2,401,815	5%
NDM/SMP	881,449	827,313	-6%
Dry Whey Products	614,055	667,201	9%
Lactose	389,824	452,438	16%
Cheese	402,457	451,370	12%

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. 15, 2023 AT THE CLOSE

	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			
CLASS III MILK FUTURES (\$/CWT) vs. week ago: <i>Feb-Mar up \$0.05-0.15, Apr-Jun dn \$0.05-0.10, Jul23-Jan24 up \$0.05-0.25, except Oct. firm.</i>	17.93	17.66	17.85	18.35	18.83	19.34	19.77	19.97	20.00	19.96	19.75	19.25	12-Month Avg. 19.05↑↑			
CLASS IV MILK FUTURES (\$/CWT) vs. week ago: <i>Feb firm, Mar-Jul \$0.10-0.35 higher, Aug23-Jan24 \$0.25-0.65 higher.</i>	18.97	18.93	18.92	19.30	19.61	19.63	20.19	20.15	20.15	20.05	20.00	19.35	12-Month Avg. 19.60↑↑			
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	18.00 0.11	17.75 0.35	17.75 0.53	18.25 0.69	18.75 0.79	19.25 0.92	19.75 1.06	20.00 1.18	20.00 1.19	20.00 1.28	19.75 1.34	19.25 1.19				
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																
	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	*JAN-23
	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	*266.60
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report																
	1018	1062	1152	1151	1237	1253	1390	1278	1184	1350	1407	1265	1310	1290	1300	*1250

CORN FUTURES (\$/BU)													
	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	MAR-25	MAY-25	TREND
	6.762	6.740	6.632	6.102	5.952	6.022	6.060	6.056	5.662	5.544	5.602	5.620	MIXED
WEEK AGO													
	6.784	6.762	6.652	6.102	5.954	6.024	6.056	6.050	5.636	5.522	5.576	5.592	

SOYMEAL FUTURES (\$/TON)													
	MAR-23	MAY-23	JUL-23	AUG-23	SEP-23	OCT-23	DEC-23	JAN-24	MAR-24	MAY-24	JUL-24	AUG-24	TREND
	491.1	474.9	463.9	448.8	430.8	417.0	414.5	409.6	400.0	394.7	392.6	388.8	MIXED
WEEK AGO													
	481.9	469.6	461.5	446.2	427.8	413.4	411.1	407.0	399.1	394.9	393.6	390.1	

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *DEC 2022				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 02/15/23								SPOT CASH TREND		
FEED =	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	FEB	MAR	APR	MAY	JUN	JUL	AUG				
\$/CWT.	*DEC (estimated) *9.45↑↑	*12.04↓↓	*19.13↓↓	1.263	1.223	1.226	1.255	1.283	1.298	1.316	↑↑	↑↑	1.2275	↓
IOFC =	PREV MO 9.22	13.01	19.95	0.402	0.394	0.390	0.403	0.409	0.410	0.415	↑↑	↑↑	0.4350	↑↑
\$/COW	YR AGO 8.51	10.34	13.79	2.426	2.444	2.465	2.485	2.500	2.511	2.520	↑↑	↑↑	2.4200	↑↑
	Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price			CHEESE	1.840	1.814	1.829	1.882	1.924	1.975	2.016	MIXED	See Below	
				CME SPOT CHEESE: BARRELS 1.5375 / 40 LB BLOCKS 1.8800 ↓ / ↑										

*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	*JAN 2023 COMPONENTS							
20.78(FEB)	21.61(JAN)	19.43(JAN)	20.01(JAN)	24.70(DEC)↓	25.50(DEC)↓	PRODUCT	VALUE	MAKE ALLOW	NET	PROT	2.8058	↑↑			
MONTH AGO						BUTTER	2.4599	0.1715	2.2884	↓	B.FAT	2.7713	↓		
YEAR AGO						NFD	1.3662	0.1678	1.1984	↓	N.FAT	1.1864	↓		
19.71	22.83	20.38	23.09	21.80 4.20F	22.30 4.11F	IDRYWHEY	0.4266	0.1991	0.2275	↓	OTHER	0.2343	↓		

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. Feb. 8, 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)														
1400	1325	LTD 1650	LTD	1375	1475	850	525	LTD	N/A	500	LTD	N/A	900	N/A
WEEK AGO COMPARISON														
1465	1400	LTD 1490		1325	1335	825	525	LTD	N/A	735	LTD	N/A	N/A	1050

FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)				CURRENT Beef X WEEK AGO YR AGO			
Choice & Prime 1250-1550 lbs light test				128.00		130.00	111.35
BULL CALVES: No. 1 & 2, 90-130 lbs				135.00	375.00	120.00	310
70-85 lbs				125.00	400.00	115.00	250

Average to high dressing			
N/A	WEEK AGO	97.60	88.50
	YEAR AGO	77.35	78.75
		71.60	65.50

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