

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — FEB. 19, 2025 — except where noted

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Cheese trade, production, and markets: U.S. cheese exporters finished 2024 with a bang. A total of 97 million pounds of cheese shipped abroad, up 21% year-over-year. That capped off an already record-setting performance with outbound cheese shipments reaching a record 1.125 billion pounds, up 18% (+170 million pounds) year-over-year. Sales to Mexico gave U.S. exports a big boost in 2024 with 425 million pounds of cheese moving south of the border, a 30% bump from 2023 and taking Mexico's share of U.S. cheese exports to 38%. Volumes into South Korea picked up as well, with the equivalent of about 595 more truckloads of cheese (24 million pounds) moving into the region year-over-year.

But that was 2024 cheese exports. What are we watching here in 2025? Price competitiveness, for one. Though cheese exporters have made notable inroads with key international buyers, price still plays an important role in whether U.S. exporters get the business. In our estimation, U.S. cheese exporters won the price battle heading into 2025 as European mozzarella values were sitting well above \$2.00 per pound versus U.S. cheddar (on both a spot and futures basis) below \$1.90 per pound. Reports to start the year point to solid outbound movement, and current market dynamics seem to confirm there's less fresh product floating around looking for a home. But strong U.S. prices today could spell trouble for months ahead. In our estimation, U.S. exporters need a 25- to 30-cent gap between U.S. and international prices to "win" into contested regions. The gap today? A dime.

Possible trade policy headwinds are another key watch factor. Tariffs — particularly for close trading partners like Mexico and Canada — are a major focal point for the Administration. The recent chatter has stirred some concern among dairy industry participants about how shifting policy and tariffs might influence U.S. dairy exports. The U.S. exports are just shy of 20% of annual milk production, and reliance on international demand outlets continues to expand. Could trade policy changes really matter? Maybe, maybe not. We've seen retaliatory tariffs from Mexico in the past — targeting products like cheese — but last time, it had no substantial or seemingly long-lasting impact to trade.

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

As it relates to both price and policy, the key concern here is timing. New cheese production capacity across the country is ramping up. If international sales face additional hurdles and/or back off at the same time new facilities really gather steam, could the U.S. find itself in a notable oversupply situation? Domestic demand has yet to get up off the mat long enough or strong enough to absorb a significant backlog. That apprehension is clearly playing out in the markets.




From a producer perspective, how could you manage risk in this type of environment? We recommend that producers look at a variety of different tools on the table. USDA's Dairy Margin Coverage program, for example, provides a great opportunity for dairies to manage margin risk. The program allows producers to buy up to \$9.50 margin coverage on the first five million pounds of milk produced for just 15-cents per hundredweight. History suggests the program has paid out 63% of the time over the past ten years. The deadline to sign up at your local USDA office is March 31.

The second tool that producers can look at is the Dairy Revenue Protection Insurance program. This program allows producers to set a floor under their milk price at 95% of the current futures market for the quarter. Today, producers in the Northeast can protect around \$18 per hundredweight Class III and IV floors for less than 30 cents for Q2. Setting a floor means protecting against further downside, leaving the upside open if prices for the quarter land above those levels.

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CME DAILY FUTURES & OPTIONS TRADING — FEB. 19, 2025 AT THE CLOSE






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	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	JUL-25	AUG-25	SEP-25	OCT-25	NOV-25	DEC-25	JAN-26	TREND	
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Feb steady; Mar-Jun25 down \$0.35-0.65; rest of board dn \$0.15-0.30; but Nov25 and Jan26 firm.												12-Month Avg. 18.78	↓	
	20.31	19.15	18.84	18.97	18.35	18.59	18.62	18.65	18.80	18.55	18.35	18.23	↓	
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Feb up \$0.05; Mar-Apr25 dn \$0.20; May25 up \$0.10; Jun25-Nov25 dn \$0.30-0.65; Dec25 up \$0.70; Jan26 firm.												12-Month Avg. 19.44	↓	
	19.74	19.26	19.15	19.30	18.80	19.06	19.36	19.50	19.76	19.95	20.05	19.36	↓	
MILK BASIS (MAILBOX minus CLASS 3 \$/CWT) 2018-23 AVG FOR NORTHEAST & MIDEAST STATES OF PA, NY, NEW ENGL., OH vs. NAT'L AVERAGE - YOUR INDIVIDUAL BASIS WILL VARY														
Mailbox	18.82	18.25	18.96	18.48	18.64	18.27	18.52	18.15	18.68	18.38	18.65	18.35	18.22	18.75
Class III	16.03	16.03	16.98	16.98	17.31	17.31	17.33	17.33	18.16	18.16	18.16	18.16	17.30	16.81
BASIS	2.79	2.22	1.98	1.50	1.33	0.96	1.19	0.82	0.52	0.22	0.49	0.19	1.03	0.82



CORN FUTURES (\$/BU)													
MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	MAR-26	MAY-26	JUL-26	SEP-26	DEC-26	MAR-27	JUL-27		TREND
5.020	5.156	5.184	4.804	4.774	4.880	4.936	4.954	4.722	4.700	4.804	4.854		↑↑



SOYMEAL FUTURES (\$/TON)													
MAR-25	MAY-25	JUL-25	AUG-25	SEP-25	OCT-25	DEC-25	JAN-26	MAR-26	MAY-26	JUL-26	AUG-26		TREND
294.8	303.1	309.8	311.4	312.3	312.6	316.6	317.5	317.7	318.5	321.5	321.5		↑↑



↓ U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report

OCT-23	NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	DEC-24	*JAN-25	
217.82	240.41	231.70	254.85	224.50	205.02	220.17	175.00	211.69	185.21	196.44	199.57	206.63	192.20	184.82	*184.49	↓↓

DMC	AUG-23	SEP-23	OCT-23	NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	*DEC-24
ALL MILK	6.46	8.44	9.44	9.58	8.44	8.48	9.44	9.65	9.60	10.52	11.66	12.33	13.72	15.57	15.17	14.29	*13.38
FEED \$	13.24	12.56	12.16	12.12	12.16	11.62	11.16	11.05	10.90	11.48	11.14	10.47	9.88	9.93	10.03	9.91	* 9.92

DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction (\$/LB) 02/18/25	U.S. CME SPOT DAILY (\$/LB) 02/19/25	U.S. WEEKLY USDA NDPSR (\$/LB) WK ENDING 02/15/25*
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to \$/LB	Prev. 4 day Lds	FMMO PROD
NEXT GDT AUCTION 03/04/25	Spot price	MIL. LBS
ALL-PRODUCT INDEX 1.9827 ↑ 0.6%	Weekly Avg	WTED AVG \$
MILKFAIT (AMF) 3.0503 ↓ 0.8%	NFDN 2 1.2700 ↓ 1.2750 ↓	NFDN 17.0 1.3464 ↓
BUTTERMILK POWDER N/A	BUTTER 35 2.4400 ↑ 2.4250 ↑	BUTTER 2.5 2.4969 ↓
LACTOSE 0.4605 ↓ 3.4%	CHEDDAR-40 2 1.8975 ↓ 1.9088 ↓	CHEDDAR-40 11.1 1.9035 ↓
	CHEDDAR-500 3 1.8075 ↓ 1.8113 ↓	CHEDDAR-500 11.9 1.8718 ↓
	DRY WHEY 2 0.5450 ↓ 0.5500 ↓	DRY WHEY 7.0 0.6748 ↓

ANNOUNCED FEDERAL ORDER PRICES (\$/CWT) NASS ALL-MILK	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-FEB. 1, 2025
*21.02(MAR) 21.58(JAN) 20.34(JAN) 20.73(JAN) 23.30(DEC) ↓ 24.20(DEC) ↓	PRODUCT VALUE MAKE ALLOW NET
	CHEESE 1.8851 0.2003 1.6848 ↑ PROT 2.3267 ↑
	BUTTER 2.6042 0.1715 2.4327 ↑ B.FAT 2.9460 ↑
	NFDN 1.3801 0.1678 1.2123 ↓ N.FAT 1.2002 ↓
	DRYWHEY 0.7218 0.1991 0.5227 ↑ OTHER 0.5384 ↑

U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report	U.S. AVG. MILKING COWS per head as reported by USDA Monthly National Dairy Comprehensive Report
DEC-23 JAN-24 FEB-24 MAR-24 APR-24 MAY-24 JUN-24 JUL-24 AUG-24 SEP-24 OCT-24 NOV-24 DEC-24 *JAN-25	DEC-23 JAN-24 FEB-24 MAR-24 APR-24 MAY-24 JUN-24 JUL-24 AUG-24 SEP-24 OCT-24 NOV-24 DEC-24 *JAN-25
N/A 1635 N/A N/A N/A 2115 2016 N/A N/A 2800 N/A 2250 N/A N/A	1988 N/A 1792 N/A N/A 2120 2254 1624 N/A N/A 2800 2489 N/A N/A

CATTLE - DAIRY PURPOSES (\$/HD) USDA and other East and Midwest auction reports combined 4-week rolling average as of FEB. 8, 2025
*MILK COWS (NASS) U.S. Avg. FRESH HEIFERS: Springing Bred Beef x OPEN: 300-600 lbs Beef X 600-900 lbs Beef X 900-1100 lbs BULLS (800-1300 lbs)
*\$2660 JAN-25 ↑ \$2600 OCT-24 3000 2900 2400 2500 1100 1400 1600 1900 1900 1800
\$1890 JAN-25 \$1850 OCT-23 1975 1800 1800 2000 700 N/A 825 N/A 1300 1150
PA Auction Markets Feb. 13-18, 2025
CULL MARKET COWS (\$/CWT LIVELWEIGHT)
Premium White Breakers Boners Lean
137.50 ↑ 124.00 ↑ 112.60 ↓
WEEK AGO
N/A 130.50 123.50 113.25
YEAR AGO
N/A 106.85 97.50 90.75
FED STEERS (\$/CWT LIVE)
Choice & Prime 1250-1550 lb
N/A 206.00 ↑
BULL CALVES: No. 1 & 2, 90-130 lbs
755.00 ↑ 970.00 ↑
70-85 lbs
765.00 ↑ 1150.00 ↑
WEEK AGO
N/A 200.50 140.00 N/A
YEAR AGO
675.00 950.00 450.00 850.00
725.00 1100.00 465.00 800.00