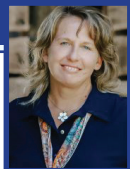


CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — FEB. 21, 2024 — except where noted



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U.S. dairy exports lackluster in 2023: Prices on the Global Dairy Trade auction have been trending up since the beginning of the year. The Global Dairy Trade platform is the largest online trading platform for core dairy products and has buyers and sellers in more than 60 countries across the world. Commodities are traded through the GDT platform every first and third Tuesday of the month, and the auction serves as a good indication of where dairy commodities are trading globally.

On the latest Global Dairy Trade auction held earlier this week, the average dairy price index was up 0.5 percent to \$3,664 per metric ton. Butter and skim milk powder prices were both up slightly, increasing 0.1 percent and 1.3 percent respectively. Cheddar cheese prices fell 7.6 percent, while whole milk powder prices were down 1.8 percent. This session marks the sixth session-to-session increase in the GDT Price Index, which has been up each session since the beginning of December. Translating the price per metric ton to price per pound, this week's auction would yield a \$2.96 per pound butter price and a \$1.879 per pound Cheddar cheese price.

Comparable, prices on the CME are slightly under the GDT prices right now. As of February 16th closing, Cheddar cheese traded at \$1.61 per pound on the February contract, while butter was at \$2.73 per pound. With the US dollar being stronger than currencies from other countries right now, it makes our dairy exports less competitive on the world marketplace.

US dairy exports for 2023 were released last week, showing that US exporters shipped just over 5.8 billion pounds of dairy products overseas, down about 7.3 percent from the previous year and the lowest amount since 2020. Part of the reason why exports struggled in 2023 was because of a global recession that is affecting other countries more than it is the US. The other factor contributing to the decrease in export volumes was due to our prices being uncompetitive in the world market.

The total value of dairy exports in 2023 was down 16 percent to \$8.11 billion. Despite the decline from the previous year, the total value of dairy exports shipped in 2023 was the second largest of all time. Only two major product categories — high protein whey and lactose — posted gains from 2023 to 2022.

The top four dairy products exported in 2023, based on total volume, included skim milk and nonfat milk powders (SMP/NFDM), dry whey

products, cheese, and lactose. Of those top dairy exports, only lactose increased in total volume sold, up 5 percent. Whey shipments were down 17 percent, while both SMP/NFDM and cheese shipments were down 3 percent. Butterfat exports were down 55 percent from a year ago, while whole milk powder exports were down 33 percent.

Although cheese exports were down year over year, it was also still the second highest volume the US ever shipped in total cheese exports, down only by 3 percent from 2022. The strong cheese export volumes were driven by a 41 percent increase in shredded cheese sales to meet food service demand in Mexico and China. US exports of shredded cheese into Mexico alone were up 162 percent, while the US sent eight times more shredded cheese to China than it did a year ago. The increase in shredded cheese alone, though, wasn't enough to offset the overall decline in cheese volumes.

China's slow economic growth did have a major impact on how the larger total of US dairy exports fared in 2023. With reduced demand and lower whole milk powder purchases from China, New Zealand shifted its product mix to direct more exports into key US export markets. At the same time, increased milk production in both the European Union and New Zealand put more milk into the marketplace.

There was some momentum for US dairy exports near the end of 2023, with cheese exports up 4 percent and 1 percent in November and December, respectively. Nonfat dry milk and skim milk powder shipments were also up in December, increasing 1 percent and up for the first time since August. Fluid milk cream products were also up in the last four months of the year.

Looking ahead, USDA does expect to see dairy exports increase in 2024, according to the "Dairy: World Markets and Trade" report released in January. The report indicated that cheese exports are expected to increase 8.1 percent to 465,500 metric tons, while milkfat exports are forecasted to rise 12.5 percent to 41,400 metric tons. Skim milk powder is also expected to grow, projected to be up by 3.4 percent in 2024 to a record high of 837,500 metric tons.

CME DAILY FUTURES & OPTIONS TRADING — FEB. 21, 2024 AT THE CLOSE

*AVG = Average basis for North-East and Mid-East

	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			
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Feb-Jun24 steady to \$0.15 lower, Jul-Nov24 \$0.05-0.15 higher, Dec24-Jan25 \$0.05 lower.	16.18	16.98	17.20	17.54	18.08	18.40	18.60	18.78	18.71	18.58	18.21	17.94	12-Month Avg. 17.93↑↑			
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: \$0.05-0.20 higher across the board, mainly \$0.15 higher.	19.91	20.04	20.24	20.39	20.83	21.02	21.25	21.35	21.47	21.46	20.90	19.47	12-Month Avg. 20.69↑↑			
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	16.25 0.08	17.25 0.42	17.25 0.59	17.50 0.69	18.00 0.78	18.50 0.96	18.75 1.09	19.00 1.21	18.75 1.12	18.75 1.25	18.25 1.22	18.00 1.21				
MILK BASIS (\$/CWT) — 2017-22 PA BASIS AND AVG 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 YELLOW = 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-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	↓↓
1701	1526	1531	1436	1487	1493	1544	1469	1792	1615	1634	1643	1830	1988	*N/A	*1792	↓↓	

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	↓↓
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
4.110	4.242	4.356	4.436	4.572	4.700	4.766	4.802	4.724	4.746	4.842	4.876		↓↓
WEEK AGO													
4.242	4.372	4.472	4.532	4.642	4.754	4.816	4.850	4.772	4.796	4.890	4.924		

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
342.0	336.7	339.5	340.3	340.3	339.3	341.6	342.5	342.0	342.9	345.4	345.0		↓↓
WEEK AGO													
343.3	336.5	339.5	340.7	341.1	340.1	342.3	343.1	341.9	342.3	344.6	343.7		

***NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *NOV. 2023**

	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)
*NOV. (estimated)	*7.79↑↑	*11.48↑↑	*17.33↑↑
PREV MO	7.63	11.38	17.10
YR AGO	9.25	13.01	19.95

Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 02/21/24

	FEB24	MAR24	APR24	MAY24	JUN24	JUL24	AUG24	SPOT CASH	TREND
NFDM	1.217	1.206	1.221	1.237	1.255	1.274	1.292	↑↑	1.1950↑↑
WHEY	0.455	0.490	0.495	0.500	0.503	0.500	0.500	↓↓	0.5100↑↑
BUTTER	2.735	2.820	2.825	2.840	2.876	2.880	2.915	↑↑	2.7750↑↑
CHEESE	1.609	1.662	1.685	1.719	1.772	1.804	1.829	↓↓	See Below

CME SPOT CHEESE: BARRELS 1.6075 / 40 LB BLOCKS 1.5150 ↑↑ / NC

****USDA OCT-23 NEW * ALL-MILK BF * MAILBOX**

	FL	SE	APP	N-ENG	NY	PA	MI	MO	TX	HI	WV	OR	OH	IL	IA	ND	NE	KS	TX	MI	WI	NY	
*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	226.40	388	324.80	226.40	324.13	226.40	226.40	226.40	226.40	226.40	226.40	226.40	226.40	226.40	226.40	226.40	226.40	226.40	226.40	226.40	226.40	226.40	226.40

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	Springing	HEIFERS	Bred	Springing	Beef x	Open:	300-600 lbs	600-900 lbs	900-1100 lbs	BULLS(800-1300lbs)
MONTH PRIOR	1975	1900	1750	LTD	1700	1800		700	825	N/A	N/A	N/A
MONTH AGO	2075	1600	2125		1650	2100		N/A	975	1350	1150	

PA Auction Markets Feb. 15-20, 2024

	CL I ADV	CL II IT	CL III	CL IV	ALL-MILK-U.S	ALL-MILK-PA
	17.99(FEB)	20.04(JAN)	15.17(JAN)	19.39(JAN)	20.60(DEC)↓	21.80(DEC)↓
MONTH AGO						
	18.48	19.88	16.04	19.23	21.70	23.10
YEAR AGO						
	20.78	21.61	19.43	20.01	24.70	25.50

FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)

	Choice & Prime	1250-1550 lbs light test	CURRENT	WEEK AGO	YR AGO
	140.00(cple)	144.00	144.00	144.00	129.00

BULL CALVES: No. 1 & 2, 90-130 lbs

	70-85 lbs	85-100 lbs	100-120 lbs	120-140 lbs
	450.00	850.00	415.00	735.00
	465.00	800.00	425.00	725.00

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