

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — FEB. 22, 2023 — except where noted

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**Record exports continue:** Last week, I reported from USDA and U.S. Dairy Export Council data that 2022 dairy exports set a record high for the 3rd year in a row at over 2.4 million metric tons (MT) of milk solids equivalent dairy products, which is about 2.6 million MT of actual volume exported. Export value also set a record for the 2nd consecutive year at \$9.6 billion.

The U.S. exported over 18% of its total production on a milk solids basis during 2022. This week, I would like to highlight the top markets where U.S. dairy products were destined. The top 5 markets were Mexico, Southeast Asia, and China with South America and Japan coming in at a distant 4th and 5th.

A record 593,373 MT of dairy products traveled to our Southern neighbors during 2022. This was 9.5% more than 2021. During 2022, Mexico was the top market for U.S. cheese and nonfat dry milk (NDM) exports and the 2nd largest market for butterfat and whole milk powder (WMP). At 359,433 MT exported to Mexico, NDM exports were up 6.4% year-over-year (YOY) and represented nearly 61% of total exports to Mexico. Cheese exports were up 18% YOY at 123,579 MT and accounted for 21% of total exports to Mexico. Butterfat exports were up an astounding 340% YOY to 14,461 MT. 2021 butterfat exports equaled 3,288 MT. WMP exports decreased by nearly 5% at 5,178 MT.

Southeast Asia (SE Asia) was the second largest region for U.S. dairy exports. Exports to SE Asia were down 3.4% during 2022 but remained an important outlet for U.S. dairy products, importing 554,233 MT of dairy products. SE Asia was not a leader in any of the major export categories, but it was the 2nd largest market for NDM, whey products, and lactose. Of this total, 52% was NDM at 290,866 MT, 24% (133,318 MT) were whey products, and 17% was lactose which was the 3rd largest category imported from the U.S. at 96,419 MT.

Dairy exports to China have been challenged since 2020 by the COVID-19 pandemic. However, despite slower growth during the

early part of the year, exports during the latter part picked up and resulted in a YOY increase in exports of 11% to 482,134 MT total. China is the largest export market for U.S. whey products and lactose. China, a world leader in pork production, uses whey and lactose as key components in swine diets. Increased exports to China were driven mainly by increases of 6% and 36%, respectively, for whey products and lactose. Whey product exports totaled 300,134 MT or 62% of the total volume exported. At 118,492 MT, lactose represented 25% of total exports to China. This leaves just 13% for the other export categories.

South America (SA) and Japan are the 4th and 5th largest export markets for the U.S., respectively. During 2022, SA imported 137,630 MT (+7% YOY) of U.S. dairy products, and Japan imported 137,363 MT (+20% YOY). However, Central America/Caribbean at 136,764 MT and South Korea at 122,915 MT are not too far behind at 6th and 7th.

With 95% of the world population outside of the U.S., there are plenty of opportunities to increase exports in these developing markets. In the span of less than two decades, the U.S. has come from a nation that generally balanced the world market and was a non-player internationally to becoming the 2nd largest dairy exporting country behind New Zealand and the 3rd largest exporter in terms of economies. The European Union bloc is the world's largest dairy exporter.



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. 22, 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			
<b>CLASS III MILK FUTURES (\$/CWT)</b> vs. week ago: <i>Feb \$0.05 lower, Rest of board \$0.05-0.15 higher, spots up \$0.20.</i>	17.88	17.80	17.90	18.36	18.89	19.41	19.84	20.05	20.20	20.10	19.75	19.30	12-Month Avg. 19.16↑↑			
<b>CLASS IV MILK FUTURES (\$/CWT)</b> vs. week ago: <i>Feb-Mar down \$0.10, Rest of board mostly steady to \$0.15 higher, spots up \$0.20</i>	18.90	18.80	19.05	19.28	19.67	19.88	20.20	20.18	20.25	20.26	20.10	19.30	12-Month Avg. 19.66↑↑			
<b>CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium</b>	18.00 0.12	17.75 0.17	18.00 0.58	18.25 0.65	19.00 0.87	19.50 0.98	19.75 0.99	20.00 1.11	20.25 1.21	20.00 1.17	19.75 1.23	19.25 1.21				
<b>MILK BASIS (\$/CWT) — PA BASIS &amp; 2016-19 AVG OF 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>*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</b>																
<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>																
<b>DMC</b>	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	TREND
	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
	6.740	6.742	6.640	6.076	5.920	5.996	6.036	6.036	5.656	5.544	5.602	5.620	↓↓
-----WEEK AGO-----													
	6.762	6.740	6.632	6.102	5.952	6.022	6.060	6.056	5.662	5.544	5.602	5.620	

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
	492.6	477.5	469.0	456.5	440.4	427.2	424.2	418.6	408.2	402.4	399.0	393.6	↑↑
-----WEEK AGO-----													
	491.1	474.9	463.9	448.8	430.8	417.0	414.5	409.6	400.0	394.7	392.6	388.8	

* = NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *DEC 2022			
FEED =	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)
\$/CWT	*DEC (estimated) *9.45↑↑	*12.04↓↓	*19.13↓↓
IOFC =	PREV MO 9.22	13.01	19.95
\$/COW	YR AGO 8.51	10.34	13.79

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 02/22/23										SPOT CASH TREND	
	FEB	MAR	APR	MAY	JUN	JUL	AUG				
NFDM	1.250	1.225	1.242	1.269	1.297	1.314	1.330	↑↑	1.2150	↓↓	02/22/23
WHEY	0.401	0.407	0.404	0.404	0.400	0.410	0.415	↑↑	0.4600	↑↑	
BUTTER	2.420	2.459	2.501	2.520	2.510	2.530	2.548	↑↑	2.3800	↑↑	
CHEESE	1.838	1.820	1.838	1.874	1.927	1.980	2.017	MIXED	See Below		

* = 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				
					4.27F	4.18F	CHEESE	1.9767	0.2003	1.7667	↓	PROT	2.8058	↑↑
							BUTTER	2.4599	0.1715	2.2884	↓	B.FAT	2.7713	↓
							NFDM	1.3662	0.1678	1.1984	↓	N.FAT	1.1864	↓
							IDRYWHEY	0.4266	0.1991	0.2275	↓	OTHER	0.2343	↓

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. Feb. 15, 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)											
	1575	N/A	1450	LTD	1300	1350	1200	800	LTD	N/A	880	LTD	N/A	1100	950	
-----WEEK AGO COMPARISON-----																
	1400	1325	LTD	1650	LTD	1375	1475	850	525	LTD	N/A	500	LTD	N/A	900	N/A

Avg. of prices reported by USDA Market News for PA Auction Markets Feb. 16-21, 2023				
CULL MARKET COWS (\$/CWT LIVELINEWEIGHT)				
	Premium White	Breakers	Boners	Lean
	89.75	81.85	73.10	73.10
	-----WEEK AGO-----			
	N/A	92.60	85.75	75.85
	-----YEAR AGO-----			
	N/A	81.10	74.50	65.75

FED HOLSTEIN STEERS (\$/CWT LIVELINEWEIGHT)					
	CURRENT	Beef X	WEEK AGO	YR AGO	
Choice & Prime 1250-1550 lbs light test	129.00		128.00	114.00	↑↑
<b>BULL CALVES:</b> No. 1 & 2, 90-130 lbs	155.00	350.00	135.00	143.00	↑↑
70-85 lbs	130.00	385.00	125.00	130.00	↑↑

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