CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — **MAR. 15, 2023** — except where noted

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2022 Estimated Fluid Milk Sales: Each month, the USDA Agricultural Marketing Service publishes its Estimated Fluid Milk Products Sales Report. The most recent report was released on Feb. 22, which covers the month of Dec. 2022. Each month has a year-to-date column in addition to the current month column. Although the 2022 numbers will not be finalized and released until August, the Feb. report provides a preliminary look at 8 fluid milk categories and what the overall trend is for 2022.

Unfortunately, the trend of declining fluid milk sales continued through 2022. However, the report shows that it is not all bad news. Through Dec. 2022, total conventional milk sales declined to 40.425 billion pounds. This is 2.4% less than 2021. For several years, the largest declines in conventional fluid milk sales have come from low-fat (1% milkfat) and fat-free milk. This trend did not change. Low-fat milk sales dropped 8% during 2022 to 4.634 billion pounds, and fat-free milk sales dropped 9% to 2.274 billion pounds. Flavored whole milk and reduced fat (2% milkfat) milk experienced diminished sales, both falling by more than 5% to 759 million pounds and 12.721 billion pounds, respectively. Buttermilk sales is the smallest category reported and finished 2022 at 452 million pounds. Buttermilk sales were relatively flat with a slight 1% decline, or just over 4 million pounds less, compared to 2021.

Now, the encouraging news: 3 of the 8 categories experienced growth compared to 2021. After declining by more than 5% during 2021, whole milk sales increased slightly by 1.3% to 14.818 billion pounds in 2022. Whole milk sales represent the largest volume category, boasting 2.097 billion pounds more than reduced-fat (2%) milk sales, the second largest category by volume. Together, whole milk and reduced-fat milk accounted for 68% of fluid milk sales in 2022. Flavored fat-reduced milk sales also increased last year by 3% to 3.366 billion pounds. The flavored fat-reduced category is the combined sales of any flavored milk that is not made with whole milk. The sales report does not separate the sales of flavored fat-free, low-fat, or reduced-fat milks. Thus, it is not possible to determine what the driver of the increased sales was for that category. It would be interesting to see these fat concentrations further subdivided to know if the net effect of sales from one or more categories was driving growth for the entire category.

The last category to experience growth compared to 2021 was the "other fluid milk" category. It includes lactose-free milks (flavored and unflavored) and other Class I products not already mentioned. This category has experienced year-over-year growth each year since 2018. The 'other milks' category was down 1.4% in 2017. In 2018, and years following, the emergence of new fluid milk products in this category as lactose-free dairy products caused it to climb 2 spots from the smallest volume of the 8 to be 6th largest. From 2018 through 2022, the other fluid milk products category has increased from 168 million pounds in 2017 to 1.402 billion pounds in 2022. This is a total increase of 1.234 billion pounds, or 735% in 5 years. YOY growth in this category did stall a bit with YOY up 41% in 2021 and up 7% in 2022. Obviously, there is still a lot of work the dairy industry has to do to turn the entire category around. Hopefully, progress is being made. During 2021, fluid milk sales decreased by 4.2% compared to 2020. So, the -2.4% decline that occurred in 2022 was a smaller rate of decline than in 2021.

(In the above 2021 comparisons, it is noted that 2020 was a leap year with an extra day of sales, and significantly higher whole milk sales that year actually stabilized the 2020 fluid milk total as consumers purchased more milk during the pandemic shutdown in 2020.)

2022 Estimated Conventional Fluid Milk Sales, Top Six Volume Categories

	Volume (billions of lbs.)	Change from 2021
Whole Milk	14.818	1.3%
2% Milk	12.721	-5.5%
1% Milk	4.634	-7.9%
Flavored Fat-Reduced Milk	3.366	3.1%
Skim Milk	2.274	-8.6%
Other Fluid Milk	1.402	6.7%
Total Conventioanl Fluid Milk Sales	40.425	-2.4%

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

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

*MARGIN = Milk Price over Feed Cost per cwt. YELLOW = payment triggered

CME DAILY FUTURES & OPTIONS TRADING — MAR. 15, 2023 AT THE CLOSE

CLASS III MILK FUTURES ($/CWT) vs. week ago: *Mar-Jun up $0.25-0.65, Apr up $1.10, Jul-Oct up $0.05-0.10, Nov23-Feb24 dn $0.05-0.10.* *12-Month Avg.* 18.98↑↑

CLASS IV MILK FUTURES ($/CWT) vs. week ago: *Steady to $0.10 lower across the board.* *12-Month Avg.* 19.15↓↓

	MAR-23	APR-23	MAY-23	JUN-23	JUL-23	AUG-23	SEP-23	OCT-23	NOV-23	DEC-23	JAN-24	FEB-24	TREND
CLASS III MILK FUTURES	17.97	18.60	18.41	18.65	19.02	19.34	19.57	19.70	19.58	19.17	18.95	18.75	↑↑
CLASS IV MILK FUTURES	18.30	18.05	18.33	18.73	18.95	19.33	19.58	19.86	20.05	19.92	19.50	19.21	↓↓

CLASS III MILK ($/CWT) **OPTIONS — PUTS — Daily Strike Price** / Premium

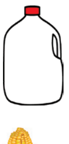
18.00 0.11	18.50 0.41	18.50 0.72	18.75 0.85	19.00 0.92	19.25 0.95	19.50 1.06	19.75 1.15	19.50 1.14	19.25 1.27	19.00 1.21	18.75 1.24

MILK BASIS ($/CWT) — **PA BASIS & 2016-19 AVG OF PA/NY/VT/OH** — *YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)*

PA	1.53	2.29	1.82	1.58	0.99	1.03	0.95	0.79	0.60	0.79	1.17	0.62
*AVG	2.55	2.15	1.66	1.45	1.25	1.31	1.15	0.67	0.74	1.38	0.85	1.67

DMC OFFICIAL GROSS MARGINS *per cwt(USDA All-Milk, corn, alfalfa & Ill. soybean, feed for ALL CLASSES of dairy cattle on farm)* *Updated with NEW prem. alfalfa feed cost*

DMC	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	
	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	*7.94	↓↓



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

U.S. AVG. BRED COWS & HEIFERS (3rd trimester) *per head as reported by USDA Monthly National Dairy Comprehensive Report*

	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	*FEB-23	
Hay	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	*297.25	↑↑
Bred cows & heifers	1062	1152	1151	1237	1253	1390	1278	1184	1350	1407	1265	1310	1290	1300	1250	*1352	↑↑

CORN FUTURES ($/BU)

	MAY-23	JUL-23	SEP-23	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	MAR-25	MAY-25	JUL-25	TREND
Current	6.264	6.122	5.660	5.570	5.654	5.706	5.724	5.460	5.356	5.424	5.442	5.444	MIXED
WEEK AGO	6.254	6.140	5.684	5.580	5.664	5.712	5.726	5.424	5.312	5.372	5.394	5.410	

SOYMEAL FUTURES ($/TON)

	MAY-23	JUL-23	AUG-23	SEP-23	OCT-23	DEC-23	JAN-24	MAR-24	MAY-24	JUL-24	AUG-24	SEP-24	TREND
Current	478.4	469.6	455.8	438.6	424.6	421.7	415.9	404.4	398.3	396.3	392.2	386.6	↓↓
WEEK AGO	485.7	476.9	464.4	448.2	435.3	432.0	426.1	414.7	408.6	406.8	402.5	400.3	

*=NEW

PA MILK MARGIN & IOFC–LATEST PSU VALUES – *JAN 2023

FEED = $/CWT. IOFC = $/COW

	FEED COST ($/CWT milk)	IOFC ($/COW @ 75 lbs milk)	PA MILK MARGIN ($/CWT milk)
*JAN (estimated)	*9.61↑↑	*10.71↓↓	*17.93↓↓
PREV MO	9.45	12.04	19.13
YR AGO	8.42	12.28	16.38

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

CME DAIRY CASH-SETTLED FUTURES ($/LB) 03/15/23

	MAR	APR	MAY	JUN	JUL	AUG	SEP	TREND	SPOT CASH 03/15/23
NFDM	1.200	1.195	1.190	1.215	1.241	1.270	1.300	↓↓	1.1800↑↑
WHEY	0.418	0.409	0.390	0.384	0.385	0.385	0.397	↑↑	0.4500↑↑
BUTTER	2.419	2.360	2.403	2.427	2.455	2.470	2.487	↑↑	2.3800↑↑
CHEESE	1.835	1.907	1.895	1.917	1.955	1.997	2.010	↑↑	See Below

CME SPOT CHEESE: BARRELS 1.8875 / 40 LB BLOCKS 1.9600 ↑↑ / ↑↑

**USDA NOV-22 NEW *

	ALL-MILK	BF	*MAILBOX
*MO	N/A	N/A	$26.57
*FL	$29.40	3.79	$26.56
*SE	$29.20	3.96	$26.54
*APP	$29.00	4.09	$26.44
*WA/OR	$27.95	4.53	$25.98
*N.ENG	$26.30	4.11	$25.92
*NY	$26.00	4.11	$25.47
*PAeast	$26.60	4.12	$25.30
*IL	$25.70	4.25	$25.18
*OH	$26.00	4.08	$25.00
*CA	$26.40	4.23	$24.95
*IN	$26.20	4.11	$24.86
*PAwestern PA only			$24.82
*MN	$25.20	4.44	$24.65
*U.S.	$25.60	4.23	$24.61
*TX	$25.80	4.42	$24.16
*IA	$24.30	4.33	$24.01
*NE/KS	$24.50	4.32	$23.52
*MI	$23.40	4.06	$23.51
*WI	$23.60	4.18	$23.41
*NM	$23.60	4.10	$22.58

*=NEW **ANNOUNCED FEDERAL ORDER PRICES** ($/CWT)

	CL I ADV↓↓	CL II↓↓	CL III↓↓	CL IV↓↓	ALL-MILK-U.S	ALL-MILK-PA
Current	18.99(MAR)	20.83(FEB)	17.78(FEB)	18.86(FEB)	23.10(JAN)↓↓ 4.23F	23.90(JAN)↓↓ 4.14F
MONTH AGO	20.78	21.61	19.43	20.01	24.70 4.27F	25.50 4.18F
YEAR AGO	22.88	23.79	20.91	24.00	24.20 4.21F	24.80 4.13F

*__CURRENT FEDERAL ORDER VALUES__ ($/LB) * = *NEW

WEIGHTED AVG. 4-WK FEB. 1-25, 2023

PRODUCT	VALUE	MAKE ALLOW	NET	
CHEESE	1.8224	0.2003	1.6221	↓↓
BUTTER	2.4158	0.1715	2.2443	↓↓
NFDM	1.2553	0.1678	1.0875	↓↓
DRYWHEY	0.4031	0.1991	0.2040	↓↓

FEB 2023 COMPONENTS		
PROT	2.3650	↓↓
B.FAT	2.7178	↓↓
N.FAT	1.0766	↓↓
OTHER	0.2101	↓↓

CATTLE - DAIRY PURPOSES($/HD) **NORTHEAST** (Avg. Mar. 8, 2023 sale New Holland, PA)

	COWS: Fresh	COWS: Bred	COWS: Springing	*HEIFERS: Bred	HEIFERS: Springing	Beef x	Open: 300-600 lbs	Beef X	600-900 lbs	Beef X	900-1100 lbs	BULLS(900+ lbs)
Current	1500	N/A	1615 LTD	1375	1500	N/A	525	N/A	725	N/A	1150	N/A
WEEK AGO COMPARISON	1450	1485	1550	1400	1525	1075 LTD	625	N/A	900	N/A	1175	1125 LTD

Price averages do not include lower-end 'common'

Avg. of prices reported by USDA Maket News for PA Auction Markets March 9-14, 2023

CULL MARKET COWS ($/CWT LIVEWEIGHT

Average to high dressing

	Premium White	Breakers	Boners	Lean
Current		95.10↑↑	90.85↑↑	80.60↑↑
WEEK AGO	N/A	94.00	88.75	82.10
YEAR AGO	N/A	85.25	79.60	68.35

		CURRENT	Beef X	WEEK AGO		YR AGO	
FED HOLSTEIN STEERS ($/CWT LIVEWEIGHT)	Choice & Prime 1250-1550 lbs light test	137.50		136.25		115.00	↑↑
BULL CALVES:	No. 1 & 2, 90-130 lbs	175.00	350.00	172.00	360	117.00	↑↑
	70-85 lbs	170.00	430.00	177.00	375	92.00	↓↓