CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — **MAR. 25, 2025** — except where noted

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The Let's talk about butterfat. Over the past few years, we've seen an incredible increase in butterfat tests at the farm level, providing yet another reason why to not bet against the U.S. dairy farmer. By January 2025, average U.S. butterfat tests hit 4.46% - up from 4.35% in January 2024 and 4.03% in January 2020. Combined with the 0.1% increase in milk production, total January 2025 butterfat production (just off the farm) increased by 22 million pounds. That's enough extra fat to make 27 million pounds of extra butter – the equivalent of … let's just say, a lot of chocolate chip cookies.

So, how did we get here? Strong butter prices kicked off the high fat trend. Between 2009 and 2013, the average Class III butterfat price (what producers are paid on) sat below $2.00 per pound of fat. That average jumped to $2.45 per pound between 2015 and 2019, and $2.62 per pound over the past five years. Said another way, through higher butterfat prices in milk checks, the market has been rewarding high component herds. At the same time, the implementation of base/excess type programs across the country – focused primarily on volume versus components – gave producers a nudge to boost fat output. By increasing component production, producers could maintain and/or grow revenue despite buyer limits on volume marketed.

One question I get a lot from folks across the industry is: What's driving the acceleration in fat tests? On the one hand, I think we've learned a lot about how to feed cows to produce more fat. In the Northeast, producers have been on the leading edge of the high oleic bean trend. In the West, folks rely on palm in the ration. But from where I sit, I believe the bigger driver is genetics. Critically, the focus on genomics. By utilizing genomic testing, dairies can make data-based breeding decisions from both the cow and bull stud perspectives, potentially cutting out the time and generations spent proving a pairing's worth. Talk about leap-frogging advancement! And, given the breeding of high genetic-potential young animals that's already underway, the trend toward greater milkfat output is unlikely to slow down anytime soon.

Why are we talking about this push toward higher fat tests now? Quite simply, because before now, the extra fat was easily being absorbed by the market. That's not the case today. Cream – which is a by-product of the fluid milk processing or what's spun off low-fat yogurt production – is abundant in supply and historically inexpensive. Meaning, butter manufacturers have had plenty of access to butterfat for the churns to start the year. USDA data for February showed butter stocks up +45 million pounds from January. That compares to a 40-million-pound gain over the past five years and takes stocks up 3% year-over-year to 306 million pounds. Between heavy churning activity and weaker domestic demand dynamics, butter prices have faced notable price pressure in recent weeks with CME spot prices dropping below $2.30 per pound to the lowest levels since 2021.

It's hard to know where the butter market goes from here. Though the upcoming Passover and Easter holidays should help to provide a bit of a demand boost for fat – whether via dips, whips or butter, it's unlikely to change the heavy supply dynamics. In our estimation, unless broader demand fundamentals shift dramatically, it's possible that the butter market and ultimately butterfat prices in the milk check could face further pressure in 2025 and beyond as fat output at the farm level continues to push higher.

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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.

CME DAILY FUTURES & OPTIONS TRADING — MAR. 25, 2025 AT THE CLOSE

	MAR-25	APR-25	MAY-25	JUN-25	JUL-25	AUG-25	SEP-25	OCT-25	NOV-25	DEC-25	JAN-26	FEB-26	TREND
CLASS III MILK FUTURES ($/CWT) vs. wk ago: Contracts $0.05-$0.25 higher across the board, except June and August steady. 12-Month Avg. 18.00 ↑↑	18.53	17.17	17.54	17.28	17.78	18.21	18.45	18.72	18.60	18.35	17.88	17.60	↑↑
CLASS IV MILK FUTURES ($/CWT) vs. wk ago: Contracts $0.05-0.15 lower across the board, until Nov25-Feb26 months that are unchanged. 12-Month Avg. 18.45 ↓↓	18.37	18.00	18.17	17.63	18.06	18.39	18.55	18.74	18.99	19.30	18.70	18.57	↓↓

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	18.96 18.48	18.64 18.27	18.52 18.15	18.68 18.38	18.65 18.35	18.62 18.41	19.27 18.75	20.20 19.76	20.58 20.17	20.25 19.64	19.22 18.75	18.82 18.25
Class III	16.98 16.98	17.31 17.31	17.33 17.33	18.16 18.16	18.16 18.16	17.59 17.59	17.60 17.60	18.72 18.72	19.07 19.07	17.30 17.30	16.81 16.81	16.03 16.03
BASIS	1.98 1.50	1.33 0.96	1.19 0.82	0.52 0.22	0.49 0.19	1.03 0.82`	1.67 1.15	1.48 1.04	1.51 1.10	2.95 2.34	2.41 1.94	2.79 2.22

CORN FUTURES ($/BU)

MAY-25	JUL-25	SEP-25	DEC-25	MAR-26	MAY-26	JUL-26	SEP-26	DEC-26	MAR-27	MAY-27	JUL-27	TREND
4.582	4.654	4.406	4.476	4.610	4.696	4.730	4.542	4.526	4.646	4.704	4.726	↓↓

SOYMEAL FUTURES ($/TON)

MAY-25	JUL-25	AUG-25	SEP-25	OCT-25	DEC-25	JAN-26	MAR-26	MAY-26	JUL-26	AUG-26	SEP-26	TREND
294.3	302.0	304.1	305.6	306.4	310.1	311.7	312.8	314.5	317.0	317.3	316.1	↓↓

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

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	*FEB-25	
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	*189.60	↑↑

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

DMC	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	*JAN-25	
	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	*13.85	↑↑
ALL MILK	21.00	21.60	21.70	20.60	20.10	20.60	20.70	20.50	22.00	22.80	22.80	23.60	25.50	25.20	24.20	23.30	*24.10	↑↑
FEED $	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	* 10.25	↑↑

DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction ($/LB) 03/18/25
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to $/LB
NEXT GDT AUCTION 04/01/25

ALL-PRODUCT INDEX	1.9260	STEADY
MILKFAT (AMF)	2.9769 ↓↓	1.8%
BUTTERMILK POWDER	N/A	N/A
LACTOSE	0.5286 ↑↑	0.5%
SKIM POWDER (SMP)	1.2382 ↓↓	0.4%
BUTTER	3.4787 ↑↑	1.1%
CHEDDAR(BULK)	2.2577 ↑↑	1.0%
MOZZARELLA (BULK)	2.1343 ↑↑	5.1%
WHOLE POWDER (WMP)	1.8385 ↑↑	0.2%

U.S. CME SPOT DAILY ($/LB) 03/25/25

	Prev. 4 day Lds	Spot price	Weekly Avg
NFDM	13	1.1400 ↓↓	1.1413 ↓↓
BUTTER	43	2.3176 ↑↑	2.3238 ↑↑
CHEDDAR-40	25	1.6400 ↑↑	1.6300 ↑↑
CHEDDAR-500	12	1.6350 ↑↑	1.6325 ↑↑
DRY WHEY	4	0.5100 ↑↑	0.5050 ↑↑

U.S. WEEKLY USDA NDPSR ($/LB) WK ENDING 03/18/25*

FMMO PROD	MIL. LBS	WTED AVG $
NFDM	20.0	1.2394 ↓↓
BUTTER	4.9	2.3350 ↓↓
CHEESE-40	12.8	1.8629 ↓↓
CHEESE-500	14.8	1.8026 ↓↓
DRY WHEY	6.6	0.5679 ↓↓

**U.S. Weekly NDPSR is averaged for the Month & used in FMMO formulas.*

NEW! USDA *DEC-24

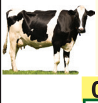
	ALL-MILK	BF	*MAILBOX*
FL	$27.10	4.04	$26.00
SE	$27.70	4.10	$25.74
MO	N/A	N/A	$25.62
APP	$27.10	4.25	$24.42
WI	$22.40	4.45	$23.87
N.ENG	$24.60	4.45	$23.86
OH	$24.70	4.40	$23.78
NY	$24.40	4.43	$23.67
PAeast	$24.20	4.37	$23.41
IN	$24.90	4.35	$23.34
IL	$22.30	4.41	$23.08
PAwestern PA only			$23.05
U.S.	$23.30	4.46	$22.88
FO30	$22.80	4.60	$22.88
CA	$22.40	4.38	$22.57
MI	$22.30	4.37	$22.43
MN	$22.90	4.71	$22.34
TX	$23.90	4.67	$22.02
IA	$22.50	4.66	$21.91
NE/KS	$22.80	4.67	$21.74
WA/OR	$24.80	4.45	$21.06
NM	$21.80	4.28	$20.56
ID	$23.30	4.57	N/A
SD	$22.80	4.79	N/A

ANNOUNCED FEDERAL ORDER PRICES ($/CWT) NASS ALL-MILK

	*CL I ADV ↓↓	CL II ↓↓	CL III ↓↓	CL IV ↓↓	ALL-MILK-U.S	ALL-MILK-PA
	*19.57(APR)	21.08(FEB)	20.18(FEB)	19.90(FEB)	24.10(JAN) ↑↑ 4.46F	24.70(JAN) ↑↑ 4.39F
MONTH AGO	21.02	21.58	20.34	20.73	23.30 4.46F	24.20 4.37F
YEAR AGO	19.18	20.53	16.08	19.85	20.10 4.35F	21.30 4.34F

CURRENT FEDERAL ORDER VALUES ($/LB) * = *NEW
*WEIGHTED AVG. 4-WK FEB. 2-MAR. 1, 2025 — ***FEB. 2025***

PRODUCT	VALUE	MAKE ALLOW	NET		COMPONENTS	
CHEESE	1.9077	0.2003	1.7074	↑↑	PROT	2.5337 ↑↑
BUTTER	2.4990	0.1715	2.3275	↓↓	B.FAT	2.8186 ↓↓
NFDM	1.3347	0.1678	1.1669	↓↓	N.FAT	1.1552 ↓↓
DRYWHEY	0.6650	0.1991	0.4659	↓↓	OTHER	0.4799 ↓↓



	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	*FEB-25
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report	1635	N/A	N/A	N/A	2115	2016	N/A	N/A	2800	N/A	2250	N/A	N/A	$2921 (ltd)
U.S. AVG. MILKING COWS per head as reported by USDA Monthly National Dairy Comprehensive Report	N/A	1792	N/A	N/A	2120	2254	1624	N/A	N/A	2800	2489	N/A	N/A	N/A

CATTLE - DAIRY PURPOSES($/HD) USDA and other East and Midwest auction reports combined 4-week rolling average as of MAR 21, 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(800-1300lbs)
	*$2660 JAN-25 ↑↑ $2600 OCT-24	3000	3500	2650	2500	1000	1300	1875	1900	1800	1800
YEAR AGO	$1890 JAN-25 $1850 OCT-23	2600	2100	2400	2000	950	N/A	1250	N/A	1525	2200

Price averages do not include lower-end 'common'

PA Auction Markets Mar. 20-25, 2025
CULL MARKET COWS ($/CWT LIVEWEIGHT

	Premium White	Breakers	Boners	Lean
Average to high dressing		150.35 ↑↑	143.35 ↑↑	129.35 ↑↑
WEEK AGO	N/A	149.00	139.25	129.00
YEAR AGO	N/A	119.50	110.85	109.75

	Holstein	Beef-X-Dairy	WK AGO		YR AGO	
FED STEERS ($/CWT LIVE) Choice & Prime 1250-1550 lb	N/A	205.10 ↓↓	164.00	206.50	150.60	180.85
BULL CALVES: No. 1 & 2, 90-130 lbs	785.00 ↑↑	1025.00 ↑↑	785.00	1025.00	600.00	950.00
70-85 lbs	785.00NC	1225.00NC	785.00	1225.00	600.00	900.00

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