

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — MAR. 27, 2024 — except where noted



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U.S. milk production continues to decline: Total milk production in the U.S. was down year-over-year for the 8th consecutive month, according to the USDA Milk Production Report released March 20th. February's total milk production was 18.105 billion pounds, 1.4% below February 2023 levels, when adjusted for Leap Year. Cow numbers nationwide fell 89,000 head to 9.33 million head, up 10,000 from January's herd size, which was the lowest on record since August 2019. Milk production per cow was down 0.4%, when adjusted for Leap Year, with February's 2024 milk production averaging 1,955 pounds per cow.

Only 7 out of the top 24 dairy producing states reported increases in milk production, with Wisconsin the only state in the top 10 reporting an increase in total milk production, up 0.6% from a year earlier. California's milk production per cow was down 0.9% at 3.36 million pounds, with 8,000 fewer cows and 0.5% less milk per cow. Wisconsin had no change in cow numbers but was up 0.5% in milk production per cow. Texas moved above Idaho and New York in the past couple of months to the 3rd top producing dairy state at 1.364 billion pounds, yet falling 0.7% in total milk production from a year ago. Idaho, the 4th highest producer, fell 2.8%, while New York ranks 5th at 1.26 billion pounds, down 1.1% from a year ago.

Both Michigan and Minnesota surpassed Pennsylvania in total milk production in the last five years. Michigan's milk production in February was down 0.4%, with a 1.2% drop in milk production per cow offsetting a 4,000 cow increase in the state's herd size. Minnesota fell 7,000 head and lost 0.7% in milk production per cow to drive a 2.1% decline in total milk production. Pennsylvania, the 8th top producing dairy state, fell 1.8% in total milk production, with a loss of 1,000 head and a 1.4% drop in milk production per cow from a year ago. New Mexico, as the 9th ranked dairy state, lost 13% in total milk production from a year ago, driven by a 37,000 decline in the state's herd size. Washington State rounds out the top 10 and lost 1% in total milk production from a year ago in February.

Despite the significantly higher cull cow prices most farmers are

receiving in the marketplace right now, the latest USDA Livestock Slaughter report is showing a decline in the number of dairy cows heading to auction. About 503,000 head of dairy cows went to slaughter in January and February this year, down 61,400 head or about 11 percent from a year ago. The latest USDA Weekly Livestock Auction Report shows dairy cows for the beef market are bringing more than \$1 per pound, on average, up about 20 cents per pound from a year ago.

Looking ahead, the USDA is projecting total milk production to grow 0.3% to 227.3 billion pounds in 2024, according to the latest World Agricultural Supply & Demand Estimates report. USDA is expecting slower growth per cow and a reduced herd size to stall production growth throughout 2024. That builds on the very little to no growth that occurred since the country peaked in total milk production at 226.462 billion pounds in 2022.

With concerns about the highly pathogenic avian influenza (HPAI) diagnosed in dairy herds in Kansas and Texas, it is uncertain whether the nation's herd size will continue to grow in 2024 or the slight increase in cow numbers from January to February will stall out in the coming months. The USDA has confirmed that HPAI causes no threat to human health of milk, with dairy products remaining safe to consume.

Dairy farms are encouraged to practice enhanced biosecurity measures and remain vigilant in observing any clinical signs. Signs associated with HPAI could include a significant loss in appetite and rumination, or an acute drop in milk production. Any observation of those symptoms should be reported immediately to a veterinarian.

While there are no cases reported in Pennsylvania at this time, the state continues to monitor the rapidly evolving health situation to prepare for any cases that might emerge. To help answer questions and provide more information, the Center is hosting a conference call for dairy producers and industry stakeholders on Wednesday, April 3 at 12 p.m. To join the call, dial 646-931-3860 and enter the meeting ID as 880 8063 9319 and the passcode as 588077.

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 — MAR. 27, 2024 AT THE CLOSE

*AVG = Average basis for North-East and Mid-East	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	DEC-24	JAN-25	FEB-25	TREND											
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Mar stdy, Apr-Jul24 dn \$0.30-0.60, Aug-Oct24 dn \$0.20-0.30, Nov-Dec24 dn \$0.05, Jan25 up \$0.15, Feb25 dn \$0.10	16.41	15.64	16.05	16.77	17.52	18.17	18.55	18.61	18.52	18.20	18.15	18.02	12-Month Avg. 17.55 ↓↓											
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Mar-Aug24 steady to \$0.15 lower, Sep24-Feb25 firm to \$0.05 higher	20.09	19.87	19.92	20.10	20.45	20.68	20.92	21.03	21.10	20.75	19.75	19.50	12-Month Avg. 20.34 ↓↓											
*MARGIN = Milk Price over Feed Cost per cwt. YELLOW = payment triggered																								
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	16.25	0.01	15.50	0.20	16.00	0.53	16.75	0.66	17.50	0.80	18.00	0.85	18.50	0.99	18.50	1.00	18.50	1.12	18.25	1.20	18.25	1.21	18.00	1.20
MILK BASIS (\$/CWT) — 2017-22 PA BASIS AND AVG 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	0.69	0.74	1.38	0.85	1.67												
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 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	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	*8.48	↑↑								

U.S. AVG PREMIUM ALFALFA & ALFALFA / GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report	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	*FEB-24
	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	*224.50 ↓↓
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report	1290	1300	1250	1352	1342	1330	1400	1559	1502	1540	1500	1741	2108	N/A	1635	N/A
U.S. AVG. FRESH COWS per head as reported by USDA Monthly National Dairy Comprehensive Report	1526	1531	1436	1487	1493	1544	1469	1792	1615	1634	1643	1830	1988	*N/A	1792	N/A

CORN FUTURES (\$/BU)	MAY-24	JUL-24	SEP-24	DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	MAR-26	MAY-26	JUL-26	TREND
	4.266	4.392	4.484	4.622	4.760	4.826	4.854	4.776	4.794	4.884	4.922	4.954	↓↓
WEEK AGO													
	4.390	4.522	4.616	4.746	4.886	4.956	4.982	4.866	4.882	4.974	5.012	5.040	

SOYMEAL FUTURES (\$/TON)	MAY-24	JUL-24	AUG-24	SEP-24	OCT-24	DEC-24	JAN-25	MAR-25	MAY-25	JUL-25	AUG-25	SEP-25	TREND
	339.0	342.6	343.4	344.1	343.7	346.6	347.4	345.6	345.4	347.0	346.6	345.2	↓↓
WEEK AGO													
	342.5	346.1	346.8	347.8	347.7	350.9	351.5	350.0	349.8	351.5	351.1	350.2	

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *DEC. 2023	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)
*DEC. (estimated)	8.11 ↑↑	10.27 ↓↓	16.35 ↑↑
PREV MO	7.79	11.48	17.33
YR AGO	9.45	12.04	19.13
Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price			

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	CL I ADV ↑↑	CL III ↑↑	CL III ↑↑	CL IV ↑↑	ALL-MILK-U.S.	ALL-MILK-PA
	19.18 (APR)	20.53 (FEB)	16.08 (FEB)	19.85 (FEB)	20.10 (JAN) ↓↓	21.30 (DEC) ↓↓
MONTH AGO						
	18.80	20.04	15.17	19.39	20.60 4.35F	21.80 4.22F
YEAR AGO						
	18.85	20.83	17.78	18.86	23.10 4.23F	23.90 4.14F

CATTLE - DAIRY PURPOSES (\$/HD) Nationally available prices averaged for the week of March 20, 2024	COWS: Fresh	Bred	Springing	HEIFERS: Bred	Springing	Beef x Open: 300-600 lbs	Beef X 600-900 lbs	Beef X 900-1100 lbs	BULLS (800-1300 lbs)
	2600	N/A	N/A	2100	2400	950	1250	1525	2200
DECEMBER 2023									
	2075	1600	2125	1650	2100	N/A	975	1350	1150

PA Auction Markets Mar. 21-26, 2024	FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)	CURRENT	Beef X	WEEK AGO	YR AGO
CULL MARKET COWS (\$/CWT LIVELWEIGHT)	Choice & Prime 1250-1550 lbs light test	150.60	180.85	N/A	137.00
Premium White	Bull Calves: No. 1 & 2, 90-130 lbs	600.00	900.00	620.00	910.00
Breakers Boners Lean	70-85 lbs	600.00	900.00	662.00	980.00
				275.00	275.00
				285.00	285.00

Price averages do not include lower-end common

Average to high dressing

WEEK AGO: N/A, 120.00, 109.85, 109.35

YEAR AGO: N/A, 93.85, 84.50, 78.50

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