

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — APRIL 3, 2024 — except where noted



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Feb. DMC announced, HPAI cases expand:

USDA announced the February margin under the Dairy Margin Coverage (DMC) Program this week at \$9.44 per hundredweight, just 6 cents below the \$9.50 threshold. The margin will result in a \$0.06 per cwt. indemnity payment for those covered at the maximum level, or just under \$50 on one million pounds of production history. The all-milk price increased 50 cents from January to \$20.60 per cwt. in February, down \$1 from year ago levels.

Lower feed costs drove the higher margins in February, with feed costs falling to their lowest level since March 2021. Feed costs per hundred pounds of milk produced fell 46 cents from last month to \$11.16 per cwt. Corn prices dropped to \$4.36 per bushel, the lowest price since January 2021. Soybean meal prices fell \$14.77 from January to \$363.63 per ton, while alfalfa hay increased \$4 to \$278 per ton. Looking ahead, USDA's DMC Decision Tool is projecting margins to improve above the \$9.50 level for the remainder of the year. However, USDA is projecting that a drop in the all-milk price to just below \$20 would trigger an indemnity payment at the current feed costs levels.

Farms have until April 29 to enroll in DMC for the 2024 Program Year. For those who still haven't enrolled, USDA is encouraging calling ahead to set up an appointment with local FSA offices to minimize wait times. The DMC program remains largely unchanged from 2023, but there are two adjustments. For those who elected for the 5-year lock-in contract in 2019, the 25% premium discount will be extended through the 2024 program year. However, producers are not required to remain in the lock-in contract. Changes to original elections can be made, but premiums on changes will revert to the full premium without any discounts. Lock-in contract farms still must visit their FSA office to enroll for 2024 coverage.

The second change involves combining established production history (EPH) and supplemental production history (SPH). If a farm has applied for supplemental dairy margin coverage in a previous year, they can now combine their original EPH and SPH for one adjusted production history (APH). The benefit of this is mainly received by lock-in contract farms. Instead of having to pay the full premium on SPH, they will now receive

the discounted premium on their full APH. If actual production in 2019 was greater than EPH, the option still exists to establish SPH which can then

combine to create a new APH. SPH is determined by subtracting EPH from 2019 actual production and multiplying the difference by 75%. Triggered indemnities that may occur prior to and during the enrollment period will be retroactive to January 1, 2024.

The USDA continues to update the industry on the spread of the highly pathogenic avian influenza (HPAI) in dairy herds. As of April 2, 12 cases have been confirmed in dairy cattle in 5 states, including Texas (7 herds), Kansas (2), Michigan (1), New Mexico (1), and Idaho (1). The Idaho State Department of Agriculture did announce that the latest case, found in Idaho, was in a facility that had recently imported cattle from another state and herd with HPAI. While more information continues to be released about the disease and how it is being transmitted between cattle, the unfolding situation does demonstrate how crucial it is for all dairy farms to remain vigilant.

USDA is advising all producers and veterinarians to limit movement of cattle as much as possible and to test all cattle before any necessary movements. The agency is also recommending that farms limit wild bird exposure, limit traffic into and out of farm properties, restrict visitors to essential personnel, and isolate any sick animals from the herd. If farms observe cows that seem to be exhibiting HPAI symptoms, they should contact their local veterinarian immediately.

The Center hosted a call with Pennsylvania State Veterinarian Dr. Alex Hamberg and Penn State Extension Veterinarian Dr. Hayley Springer this week to help answer questions on the situation and Pennsylvania's response. A recording of that call is available at www.centerfordairyexcellence.org/HPAI-industry-call/. For those farms without easy access to the everyday biosecurity materials made available on the National FARM and other websites, the Center is offering to mail resources to help encourage everyday biosecurity. To request a resource kit, call 717-346-0849.

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 — APR. 3, 2024 AT THE CLOSE

*AVG = Average basis for North-East and Mid-East													TREND										
APR-24	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	DEC-24	JAN-25	FEB-25	MAR-25												
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Class III Futures down fully \$0.20 to 0.40 lower across the board.													12-Month Avg. 17.38										
15.42	15.64	16.32	17.08	17.85	18.20	18.30	18.20	17.87	17.85	17.90	17.90		↓										
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Class IV Futures up \$0.20 to mostly \$0.40 through yearend, up \$0.15 for Q-1 2025													12-Month Avg. 20.56										
20.06	20.19	20.50	20.78	21.05	21.21	21.40	21.46	20.92	19.85	19.65	19.60		↑										
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																							
15.50	0.18	15.75	0.50	16.00	0.73	17.00	0.71	17.75	0.84	18.25	1.00	18.25	1.00	18.25	1.13	17.75	1.08	17.75	1.03	18.00	1.18	18.00	1.22
MILK BASIS (\$/CWT) — 2017-22 PA BASIS AND AVG PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)																							
PA	2.29	1.82	1.58	0.99	1.03	0.95	0.79	0.60	0.79	1.17	0.62	1.53											
*AVG	2.15	1.66	1.45	1.25	1.31	1.15	0.69	0.74	1.38	0.85	1.67	2.55											
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 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									
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	*9.44									

U.S. AVG PREMIUM ALFALFA & ALFALFA/ GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report															
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	*MAR-24
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	*205.02 ↓
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report															
1300	1250	1352	1342	1330	1400	1559	1502	1540	1500	1741	2108	N/A	1635	N/A	*N/A
U.S. AVG. FRESH COWS per head as reported by USDA Monthly National Dairy Comprehensive Report															
1531	1436	1487	1493	1544	1469	1792	1615	1634	1643	1830	1988	*N/A	1792	N/A	*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
4.316	4.450	4.564	4.712	4.840	4.904	4.934	4.854	4.886	4.980	5.016	5.052	↑
WEEK AGO												
4.266	4.392	4.484	4.622	4.760	4.826	4.854	4.776	4.794	4.884	4.922	4.954	

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
330.0	333.6	334.8	336.0	336.1	339.6	341.2	340.9	342.0	344.7	344.6	343.6	↓
WEEK AGO												
339.0	342.6	343.4	344.1	343.7	346.6	347.4	345.6	345.4	347.0	346.6	345.2	

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *DEC. 2023				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 04/03/24				SPOT CASH TREND				
FEED =	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	APR24	MAY24	JUN24	JUL24	AUG24	SEP24	OCT24	04/03/24	
*DEC. (estimated)	*8.11↑	*10.27↓	*16.35↑	1.153	1.142	1.162	1.182	1.196	1.218	1.242	↓	
IOFC =	PREV MO 7.79	11.48	17.33	0.435	0.409	0.409	0.410	0.425	0.425	0.437	↑	
YR AYO	9.45	12.04	19.13	2.904	2.957	2.995	3.020	3.035	3.037	3.045	↑	
				BUTTER	1.537	1.575	1.645	1.723	1.797	1.835	1.832	↓
				CHEESE	CME SPOT CHEESE: BARRELS 1.4500 / 40 LB BLOCKS 1.4400						↑ / ↑	

*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 FEB 26-MAR 30, 2024				*MAR. 2024	
19.18(APR)	*21.12(MAR)	*16.34(MAR)	*20.09(MAR)	*20.60(FEB)	*21.90(FEB)					*COMPONENTS	
				4.30F	4.19F					*CHEESE 1.6082 0.2003 1.4079 ↑ *PROT 1.1265 ↓	
										*BUTTER 2.8457 0.1715 2.6742 ↑ *B.FAT 3.2385 ↑	
										*NFDM 1.1863 0.1678 1.0185 ↓ *N.FAT 1.0083 ↓	
										*DRYWHEY 0.4788 0.1991 0.2797 ↑ *OTHER 0.2881 ↑	

CATTLE - DAIRY PURPOSES(\$/HD) USDA Reports, little data available, Northeast, Southeast, Midwest Avg. Feb. 2024																										
COWS: Milking			HEIFERS: Bred			Springing			Beef x Open: 300-600 lbs			Beef X 600-900 lbs			Beef X 900-1100 lbs			BULLS (800-1300lbs)								
2010 (NASS)			N/A			N/A			2100			950			N/A			1250			1525			2200		
YEAR AGO																										
1720 (NASS)			1425			1505			1475			N/A			N/A			N/A			1045					

PA Auction Markets Mar. 28-Apr. 2, 2024				FED HOLSTEIN STEERS (\$/CWT LIVWEIGHT)			CURRENT Beef X			WEEK AGO			YR AYO								
CULL MARKET COWS (\$/CWT LIVWEIGHT)				Choice & Prime 1250-1550 lbs light test			N/A			182.10			150.60			134.75					
Premium White Breakers Boners Lean				BULL CALVES: No. 1 & 2, 90-130 lbs			620.00			950.00			600.00			950.00			275.00		
120.00↑ 118.00↑ 117.35↑				70-85 lbs			605.00			1020.00			600.00			900.00			325.00		
WEEK AGO																					
N/A				119.50			110.85			109.75											
YEAR AGO																					
N/A				94.35			84.60			73.35											

Price averages do not include lower-end common

Average to high dressing

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