

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JUNE 5, 2024 — except where noted



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Margins improving: USDA posted its April margin through the Dairy Margin Coverage (DMC) Program earlier this week at \$9.60 per hundredweight, down 5 cents from March but \$3.76 above year ago levels. The margin was 10 cents above the \$9.50 maximum threshold for coverage, so the program did not trigger an indemnity payment this month. From March to April, the all-milk price dropped 20 cents per cwt from \$20.70 to \$20.50, while feed costs dropped 15 cents from \$11.05 to \$10.90. There was a slight increase in the corn cost from \$4.36 per bushel to \$4.39 or \$156.79 per ton. Alfalfa cost continues to decrease at \$2.60, down from March's \$271.00 per ton, and soybean meal cost fell from \$362.17 per ton to \$357.68. Both reached multi-year lows again with alfalfa and soybean meal being at their lowest since December 2021 at \$253.00 per ton and October 2021 at \$325.43, respectively.

Based on the DMC Online Decision Tool, last updated May 30, forecasted margins continue to improve and remain above the \$9.50 level the remainder of the year. The margin is projected to continuously climb to reach \$13.10 per cwt. in October. If what is forecasted happens, October would become the highest margin to-date for the program. The all-milk price projections climb to \$23.79 per cwt. in November, then dip slightly to \$23.43 in December. As feed costs are forecast to fluctuate throughout the rest of the year, they are projected to remain under the \$11.00 per cwt. mark and reach a low of \$10.47 in June before gradually increasing to \$10.82 in December. Based on current projections, the remainder of the program year forecasts an average margin of \$12.37 per cwt. with an average all-milk price of \$20.11 per cwt.

Class III milk prices rebounded this past week, with June through December price forecasts on the CME now averaging \$20.32 for the remainder of the year. That's up more than \$1 from where they were last month at this time and much stronger than earlier this spring. Class IV milk price futures have also strengthened over the past week, with the Class IV price forecast for the remainder of the year now averaging \$22.07 per cwt., as of June 5. USDA will announce the May Class III and IV milk price later this week, but May Class III went off the board at \$18.63 per cwt., jumping more than \$3 from

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.

where the April price closed, while May Class IV went off the board at \$20.57 per cwt.

The stronger margins projected for the remainder of the year mean that 2024 could be the first year that USDA's DMC Program does not provide a net benefit since the program was established in 2019. Since then, the DMC Program has paid out nearly \$2.1 billion in indemnities through 2023. At the maximum \$9.50 per cwt. margin coverage, indemnities were above the total amount of premium paid in every other year except 2024 (so far). DMC indemnities were the highest in 2023, with payments triggered in 11 of 12 months. Prices in 2023 yielded a record low margin of \$6.70 per cwt. average for the year. For those farms covered at the maximum \$9.50 margin coverage level, DMC provided a net benefit of \$2.50 per cwt. in 2023, or just under \$25,000 for every 1 million pounds covered.

Whether you are enrolled in DMC or not this year, the strong Class III and IV milk prices we are seeing in the marketplace right now could provide another opportunity to lock in a level of price risk protection for your dairy through the Dairy Revenue Protection Program. DRP is a federal Crop Insurance program that is implemented and administered by the USDA's Risk Management Agency. It guarantees a minimum quarterly revenue for up to 100% of quarterly milk production without giving up any upside. DRP premiums are subsidized by 44% up to 55% depending on the price protection amount chosen by the dairy farmer. Policies are available nearly every day that milk production is traded on the Chicago Mercantile Exchange (CME) with a few exceptions. Policies are available up to 5 months in advance.

Currently, policies for the third quarter of 2024 through the third quarter of 2025 are available. DRP is highly customizable and can be made to closely match your milk check. Farms can choose between a Class and a component option. The Class option allows you to purchase 100% Class III policies, 100% Class IV policies, or any combination of average Class III and IV in 5% increments. The component option allows you to protect your milk price based on the level of components you produce.

CME DAILY FUTURES & OPTIONS TRADING — JUNE 5, 2024 AT THE CLOSE

	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	DEC-24	JAN-25	FEB-25	MAR-25	APR-25	MAY-25	TREND												
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Range is \$0.10 to \$0.45 higher on the week with full advance on Aug-Nov24 and Apr-May25 contracts. 12-Month Avg. 19.40	19.49	20.12	20.39	20.27	19.93	19.53	18.94	18.80	18.84	18.82	18.99	18.71	↑↑												
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: 2024 months up \$0.60-0.80, except Aug24 up \$0.30; 2025 contracts up \$0.30-0.50. 12-Month Avg. 21.59	21.34	21.65	21.68	22.37	22.52	22.30	21.72	21.20	21.15	21.26	21.07	20.76	↑↑												
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	18.68	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	18.96	18.48	18.64	18.27	18.52	18.15	
Class III	18.16	18.16	18.16	18.16	17.59	17.60	17.60	18.72	18.72	19.07	19.07	17.30	17.30	16.81	16.81	16.83	16.03	16.98	16.98	17.31	17.31	17.33	17.33	17.33	17.33
BASIS	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	1.98	1.50	1.33	0.96	1.19	0.82	



CORN FUTURES (\$/BU)

	JUL-24	SEP-24	DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	MAR-26	MAY-26	JUL-26	SEP-26	TREND
	4.392	4.456	4.590	4.720	4.796	4.852	4.720	4.736	4.836	4.900	4.946	4.680	↓↓

SOYMEAL FUTURES (\$/TON)

	JUL-24	AUG-24	SEP-24	OCT-24	DEC-24	JAN-25	MAR-25	MAY-25	JUL-25	AUG-25	SEP-25	OCT-25	TREND
	359.5	354.6	351.7	350.5	354.2	355.3	354.3	353.9	355.4	354.1	352.1	349.4	↓↓

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

	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	*APR-24
	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	*220.17

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	MAR-24	*APR-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	9.65	*9.60
ALL MILK	24.70	23.10	21.60	21.10	20.70	19.30	17.90	17.40	19.70	21.00	21.60	21.70	20.60	20.10	20.60	20.70	20.50
FEED \$	14.71	14.94	15.16	15.41	15.02	14.86	14.47	14.25	13.88	13.24	12.56	12.16	12.12	12.16	11.62	11.16	10.90

DAIRY COMMODITIES - GLOBAL DAIRY TRADE BIWEEKLY INTERNET AUCTION 06/04/24*

GDT QUOTES AVERAGE OF FORWARD CONTRACTS 1-6 mos. forward, per metric ton

ALL-PRODUCT INDEX	3824	↑ 1.7%
WHOLE MILK POWDER (WMP)	3478	↑ 1.7%
SKIM MILK POWDER (SMP)	2722	↑ 3.0%
ANHYDROUS MILKFAT (AMF)	7417	↑ 0.9%
BUTTERMILK POWDER	2845	↑ 10.4%
BUTTER	6864	↑ 1.7%
CHEDDAR (BULK)	4248	↑ 0.2%
MOZZARELLA (BULK)	N/A	N/A
LACTOSE	795	↓ 1.9%

U.S. CME CASH MARKET (\$/LB) 06/05/24*

CME QUOTES LAST DAY SPOT BID, OFFER, SALE

GRADE A NFDM	Tues-Wed Ids	30	1.2000	↑↑
DRY WHEY	Tues-Wed Ids	3	0.4400	↑↑
BUTTER	Tues-Wed Ids	3	3.0950	↑↑
CHEDDAR	40 LB BLOCKS	6lds	1.8600	↑↑
	500 LB BARRELS	2lds	1.9450	↓↓

USDA FEB-24 NEW*

ALL-MILK BF *MAILBOX

*FL	\$24.30	3.94	\$23.11
*SE	\$24.10	4.09	\$22.10
*NENG	\$22.40	4.36	\$21.75
*APP	\$24.10	4.17	\$21.36
*NY	\$22.00	4.30	\$21.36
*Pleast	\$21.90	4.19	\$20.95
*IN	\$21.60	4.20	\$20.60
*OH	\$21.10	4.16	\$20.42
*PWestern PA only			\$20.40
*MO	N/A	N/A	\$19.87
*IL	\$20.40	4.30	\$19.82
*U.S.	\$20.60	4.30	\$19.63
*WGOR	\$22.40	4.44	\$19.28
*CA	\$20.20	4.25	\$19.17
*MI	\$20.50	4.23	\$19.16
*TX	\$21.10	4.42	\$19.15
*NEKS	\$19.90	4.42	\$18.89
*MN	\$19.50	4.55	\$18.85
*WI	\$19.00	4.26	\$18.73
*IA	\$19.00	4.43	\$18.52
*IN	\$19.50	4.15	\$18.28

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

CL I ADV	*CL II	*CL III	*CL IV	*ALL-MILK-U.S.	*ALL-MILK-PA
20.08 (JUN)	*21.50 (MAY)	*18.55 (MAY)	*20.50 (MAY)	*20.50 (APR) ↓	*21.80 (APR) ↑
18.46	20.23	15.50	20.11	20.70 4.28F	21.70 4.19F
18.01	19.11	16.11	18.10	20.60 4.11F	21.20 4.04F

CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW

WEIGHTED AVG. 4-WK APR 30-JUN 1, 2024

PRODUCT	VALUE	MAKE ALLOW	NET	*MAY 2024
*CHEESE	1.8706	0.2003	1.6703	↑↑
*BUTTER	3.0316	0.1715	2.8601	↑↑
*NFDM	1.1422	0.1678	0.9744	↓↓
*DRYWHEY	0.4108	0.1991	0.2117	↓↓
*PROT	1.7349	↑↑		
*B.FAT	3.4636	↑↑		
*N.FAT	0.9647	↓↓		
*OTHER	0.2181	↓↓		

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

	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	*APR-24
	1250	1352	1342	1330	1400	1559	1502	1540	1500	1741	2108	N/A	1635	N/A	N/A	N/A

U.S. AVG. MILKING COWS per head as reported by USDA Monthly National Dairy Comprehensive Report

	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	*APR-24
	1436	1487	1493	1544	1469	1792	1615	1634	1643	1830	1988	N/A	1792	N/A	N/A	*2120

CATTLE - DAIRY PURPOSES (\$/HD) USDA Reports + Northeast, Southeast, Mideast, Midwest dispersal & auction report averages (4 week rolling avg. as of May 31, 2024).

MILK COWS (NASS) U.S. Avg.	HEIFERS FRESH:	Bred	Springing	Beef X	OPEN:	300-600 lbs	Beef X	600-900 lbs	Beef X	900-1100 lbs	BULLS (800-1300lbs)
\$2120 APR-24* \$1890 JAN-24	3000	N/A	2500	2400	950	1050	N/A	N/A	1650	1600	
\$1720 APR-23 \$1720 JAN-23	1500	1325	1550	1000	N/A	N/A	N/A	N/A	1150	1000	

PA Auction Markets May 30-Jun 2, 2024

CULL MARKET COWS (\$/CWT LIVWEIGHT)

Premium White	Breakers	Boners	Lean
	136.60	126.75	119.25
	N/A	N/A	N/A
	138.60	127.60	120.00
	N/A	107.60	99.50
		93.85	

FED HOLSTEIN STEERS (\$/CWT LIVWEIGHT)

Choice & Prime	1250-1550 lbs light test	CURRENT	Beef/Dairy	WEEK AGO	YR AGO
		N/A	189.85	N/A	186.75
		600.00	910.00	600.00	975.00
		600.00	980.00	600.00	1080.00

BULL CALVES: No. 1 & 2, 90-130 lbs 70-85 lbs

		600.00	910.00	600.00	975.00
		600.00	980.00	600.00	1080.00

Average to high dressing

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