

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JUNE 7, 2023 — except where noted



ZACH MYERS
Risk Education Manager
336-468-0726
zmyers@centerfordairy.org
excellence.org



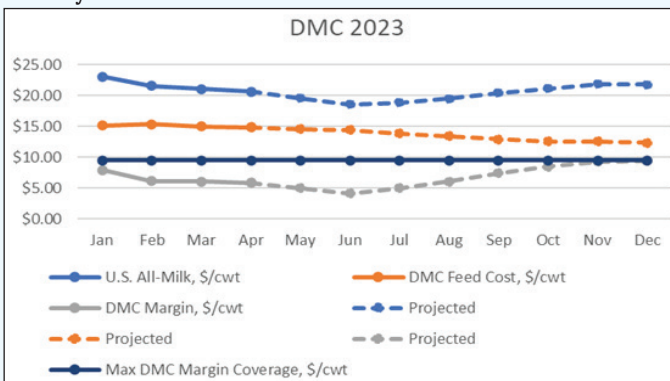
Margins continue to decline: During the last half of 2022, dairy economists were already warning the industry that milk price was going to fall and feed prices were going to be lower but stay historically high in 2023. Predictions were for margins to be tight and perhaps negative for many dairy farmers this year. Unfortunately, these predictions are becoming reality and margins are even lower than predicted late last year and earlier this year.

The April Dairy Margin Coverage (DMC) margin was announced late last week as \$5.84 per cwt. This is the lowest it has been since August of 2021 when the DMC margin set a record low at \$5.03 per cwt. The April margin represents the third lowest margin in program history. The DMC margin is calculated each month by summing the total announced corn, soybean meal, and superior alfalfa hay prices on a per cwt basis and subtracting that from the announced U.S. all-milk price. Even though the total DMC feed cost has declined for two consecutive months, the U.S. milk price has been declining since last October 2022. The April milk price of \$20.70 per cwt is \$5.20 less than what it was last October, while April's \$14.86 per cwt feed price is only 33 cents less than what it was then. This combination makes for a current DMC margin that is much lower. The April margin is \$4.87 per cwt less than it was last October.

According to the June 5 dated online DMC Decision Tool, there is not any relief soon. The milk price is expected to continue to decline through this month to a low of \$18.58 per cwt. Beginning in July, milk price is projected to increase every month through the end of the year, but it is only expected to increase to \$21.90 by November. This is still \$1.20 less than the expected 2023 milk price high that occurred in January. Feed prices are supposed to continue to decrease through the year, reaching \$12.40 per cwt. This would be the lowest feed price since it was \$12.27 per cwt in December 2021. Milk price is currently not projected to increase enough to offset feed costs to push the margin above the maximum \$9.50 margin coverage for the rest of the year. The May margin is projected to be a record low, dropping below \$5 for

the first time in program history, to \$4.99 per cwt followed by a new record low of \$4.14 per cwt projected for June. The margin is expected to surpass the \$5 mark again in July and increase to \$9.43 per cwt in December, still seven cents shy of the maximum DMC margin coverage.

At the maximum margin coverage, the April margin triggers an indemnity of \$3.66 per cwt on 1/12 of enrolled production history up to the Tier 1, 5-million-pound cap. This is a net payment of \$2,876 per 1 million enrolled pounds. An operation that maximizes Tier 1 production can expect to receive a payment of about \$14,381. The April indemnity adds an additional 29 cents to DMC's net benefit, bringing the total 2023 net benefit, after premiums and fees, to 79 cents per cwt so far. If June 5 projections were to become reality, the \$9.50 DMC margin coverage will provide enrolled Tier 1 dairy farmers a net payment of \$24,293 per 1 million pounds of enrolled production history, or \$129,466 for a Tier 1 operation that caps out the Tier 1 maximum production during 2023. This would be a net benefit of \$2.44 per cwt for the year.



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 — JUNE 7, 2023 AT THE CLOSE																								
	JUN-23	JUL-23	AUG-23	SEP-23	OCT-23	NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	TREND											
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Jun dn \$0.10, Jul-Sep up \$0.25-0.45, Oct23-Jan24 dn \$0.05-0.15, Feb-May24 weak to \$0.10 lower.	15.30	16.53	17.37	18.19	18.60	18.75	18.25	18.00	18.00	18.00	17.75	17.98	12-Month Avg. 17.72↑↑											
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Generally steady across the board, except Aug through Dec23 weak to \$0.15 lower	18.11	18.25	18.28	18.77	18.93	19.15	19.09	18.99	18.91	18.88	18.56	18.56	MIXED											
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	15.25	0.06	16.50	0.43	17.25	0.56	18.25	0.85	18.50	0.84	18.75	0.96	18.25	0.99	18.00	0.99	18.00	1.01	18.00	1.07	17.75	1.03	18.00	1.11
MILK BASIS (\$/CWT) — 2017-22 PA BASIS AND AVG PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA	1.58	0.99	1.03	0.95	0.79	0.60	0.79	1.17	0.62	1.53	2.29	1.82											
*AVG YELLOW	1.45	1.25	1.31	1.15	0.67	0.74	1.38	0.85	1.67	2.55	2.15	1.66												
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	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	MAR-23	*APR-23								
		10.98	11.55	12.29	12.51	11.92	9.92	8.08	8.62	10.71	10.89	9.76	7.94	6.19	6.08	*5.84	↓↓							

U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report															
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	MAR-23	APR-23	*MAY-23
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	277.00	290.00	*292.86 ↑↑
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report															
1237	1253	1390	1278	1184	1350	1407	1265	1310	1290	1300	1250	1352	1342	1330	*1400 ↑↑
U.S. AVG. FRESH COWS per head as reported by USDA Monthly National Dairy Comprehensive Report															
1293	1486	1468	1496	1341	1571	1417	1384	1701	1526	1531	1436	1487	1493	1544	*1469 ↓↓

CORN FUTURES (\$/BU)													
JUN-23	SEP-23	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	TREND	
6.042	5.250	5.306	5.406	5.462	5.480	5.116	5.040	5.116	5.144	5.152	4.782	MIXED	
WEEK AGO													
5.940	5.162	5.216	5.312	5.366	5.380	5.100	5.046	5.126	5.156	5.164	4.792		

SOYMEAL FUTURES (\$/TON)													
JUN-23	AUG-23	SEP-23	OCT-23	DEC-23	JAN-24	MAR-24	MAY-24	JUL-24	AUG-24	SEP-24	OCT-24	TREND	
405.2	395.2	381.5	368.8	365.8	363.0	356.3	352.7	352.4	350.4	347.8	345.3	MIXED	
WEEK AGO													
393.3	387.8	378.1	367.3	365.0	363.0	357.4	353.6	353.2	351.4	349.1	345.6		

PA MILK MARGIN & IOFC-LATEST PSU VALUES - *MAR 2023					CME DAIRY CASH-SETTLED FUTURES (\$/LB) 06/07/23					SPOT CASH TREND 06/07/23				
FEED = \$/CWT	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	TREND	MAY	JUN	JUL	AUG	SEP	OCT	NOV	TREND	06/07/23	
*MAR (estimated)	*9.67↑↑	*9.02↓↓	*16.28↓↓		NFDM	1.161	1.167	1.190	1.220	1.242	1.257	1.270	↑↑	1.1625↑↑
IOFC = PREV MO	9.38	9.99	17.03		WHEY	0.338	0.315	0.300	0.308	0.330	0.335	0.340	MIXED	0.2750↓
YR AGO	8.59	13.76	17.81		BUTTER	2.402	2.402	2.412	2.440	2.450	2.470	2.425	↓	2.3600↓
Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price					CHEESE	1.602	1.745	1.845	1.920	1.953	1.966	1.920	↑↑	See Below

**USDA FEB-23 NEW *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																		
18.01(JUN)						*19.11(MAY)			*16.11(MAY)			*18.10(MAY)			*20.70(APR) ↓↓		*21.10(APR) ↓↓																		
MONTH AGO												4.12F				4.07F																			
19.57						19.20			18.52			17.95			21.10 4.19F		21.70 4.14F																		
YEAR AGO												25.87				25.87				25.21				24.99				27.00 4.08F				27.50 4.01F			

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg May 31, 2023 New Holland, PA) *Receipts down 68% from year ago levels																												
COWS: Fresh Bred Springing *HEIFERS: Bred Springing Beefx Open: 300-600 lbs Beef X 600-900 lbs Beef X 900-1100 lbs BULLS(800-1300lbs)																												
2300			1800LTD			1740LTD			1500LTD			1750LTD			N/A		550		N/A		825		N/A		N/A		1000LTD	
WEEK AGO COMPARISON																												
1550			N/A			1810 LTD			N/A			N/A			N/A		N/A		N/A		N/A		N/A		N/A		1250 IND	

Avg. of prices reported by USDA Market News for PA Auction Markets June 1-6, 2023				FED HOLSTEIN STEERS (\$/CWT LIVELINEWEIGHT)				CURRENT Beef X WEEK AGO YR AGO			
CULL MARKET COWS (\$/CWT LIVELINEWEIGHT)				Choice & Prime 1250-1550 lbs light test				137.00 LTD 132.00 118.00 ↑↑			
Premium White				BULL CALVES: No. 1 & 2, 90-130 lbs				300.00 485.00 300.00 485 119.00 ↓↓			
Breakers				70-85 lbs				285.00 555.00 285.00 555 88.00 ↓↓			
Boners											
Lean											

Price averages do not include lower-end common

Average to high dressing

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