

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JULY 17, 2024 — except where noted

An update on Pennsylvania milk markets:

If there's one thing that's certain, it's that milk prices are volatile. And in recent years, that volatility has picked up steam.

Though we are now several years removed from the COVID-19 pandemic, the extreme price movements that were a hallmark of 2020 and 2021 are still present in today's markets. While the first half of this year brought several months of Class III prices around \$16 per hundredweight, the end of the year is trading closer to \$20.

That begs the question: Will the rest of the year look more like \$20 milk or \$16?

Here's what we're keeping an eye on as the second half unfolds.

One of the big-ticket news items in 2024: multiple months of record cheese exports. In the first five months of the year, U.S. exporters shipped nearly 500 million pounds — 110 million pounds more than in 2023. It's this export action that was partly to thank for the jump in Class III prices from \$16 to \$20 per hundredweight.

Cheese prices in late 2023 had a lot to do with the U.S. export wins here in 2024. At the end of last year, U.S. cheese prices were the lowest in the world, trading in the \$1.40-to-\$1.60-per-pound range. International buyers took notice, picking up more U.S. cheese and helping to clear our market and push U.S. cheese prices up into the \$1.80 to \$2.00 per pound range.

As we look to the end of the year, it's tough not to wonder if we can maintain our record cheese exports. Today's prices are no longer the cheapest in the world — if anything, we're on par to, or slightly above. That will make it difficult to find export business and clear domestic cheese markets. If cheese can't be sold overseas, then it will likely keep a ceiling on Class III prices.

Switching to Class IV, or the price of milk that turns into butter and nonfat dry milk, pricing volatility hasn't been quite as extreme.

Class IV prices have been elevated for more than a year, and the current futures curve forecasts prices above \$20 through the first half of next year.

U.S. nonfat markets are currently on par, to trading a premium, to the rest of the world. The U.S. exports about half of the nonfat dry milk (NDM) it produces, and through May, U.S. NDM exports struggled to keep up with prior-year volumes. Even though there's not a lot of excess powder laying around the market, will limited price competitiveness and overall demand lethargy keep export activity subdued?

In Pennsylvania, the majority of marketed milk is priced off Class III and Class IV milk in equal parts. A \$1 move in CME Class III impacts the Pennsylvania blend price by about \$0.50 per hundredweight.

It's important that Pennsylvania dairy producers watch both Class III and Class IV markets, as well as cheese, whey, butter and nonfat dry milk, to understand what CME price action will mean for their own individual milk checks.

The risk of loss trading commodity futures and options can be substantial. Investors should carefully consider the inherent risks in light of their financial condition. The information contained herein has been obtained from sources to be reliable, however, no independent verification has been made. The information contained herein is strictly the opinion of its author and not necessarily of Ever.Ag and is intended to be a solicitation. Past performance is not indicative of future results.

By COLIN KADIS
Ever.Ag, clk@ever.ag
for Center for Dairy Excellence:
centerfordairyexcellence.org



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 — JULY 17, 2024 AT THE CLOSE

	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	DEC-24	JAN-25	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	TREND											
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Jul24 dn \$0.10; Aug-Sep24 dn \$0.35; Oct-Dec24 weak \$0.10 lower; Jan-Apr steady; May-Jun25 up \$0.05-0.10. 12-Month Avg. 19.25 ↓↓	19.79	19.83	20.45	20.54	20.10	19.50	18.80	18.53	18.40	18.30	18.36	18.36	↓↓											
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Jul24-Feb25 generally steady to \$0.10 lower; Mar-Jun25 dn \$0.15-0.30. 12-Month Avg. 20.94 ↓↓	21.41	21.52	21.55	21.66	21.49	21.05	20.59	20.78	20.40	20.30	20.45	20.15	↓↓											
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	18.65	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	18.68	18.38
Class III	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	16.98	16.98	17.31	17.31	17.33	17.33	18.16	18.16
BASIS	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	0.52	0.22

	SEP-24	DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	MAR-26	MAY-26	JUL-26	SEP-26	DEC-26	TREND					
CORN FUTURES (\$/BU)	3.984	4.124	4.254	4.346	4.422	4.454	4.536	4.650	4.651	4.742	4.514	N/A	↓↓					
SOYMEAL FUTURES (\$/TON)	340.3	320.3	311.0	312.5	312.5	314.0	316.4	319.9	320.5	320.2	321.2	N/A	↓↓					
U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report																		
MAR-23	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	175.00	*JUN-24	*211.69	↑↑

DMC	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	MAY-24	*JUN-24
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	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	*10.52	↑↑
ALL MILK	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	22.00	↑↑
FEED \$	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	11.48	↑↑

DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction (\$/LB) 07/16/24	U.S. CME SPOT DAILY (\$/LB) 07/17/24	U.S. WEEKLY USDA NDPSR (\$/LB) WK ENDING 7/13/24*
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to \$/LB	Mon-Wed Leds	FMMO PROD MIL. LBS WTED AVG \$
NEXT GDT AUCTION 08/06/24	Spot price	Weekly Avg \$
SKIM POWDER (SMP) 1.1642 ↓↓ 1.1%	NFD 9 1.1650 ↓↓ 1.1700 ↓↓	NFD 14.9 1.2007 NC
BUTTER 2.9972 ↑↑ 0.8%	BUTTER 28 3.1300 ↑↑ 3.1300 ↑↑	BUTTER 2.3 3.1308 ↓↓
ALL-PRODUCT INDEX 1.7410 ↑↑ 0.4%	CHEDDAR-40 15 1.8600 ↓↓ 1.8617 ↓↓	CHEDDAR-40 12.0 1.9397 ↑↑
MILKFAT (AMF) 3.0690 ↑↑ 4.0%	CHEDDAR-500 15 1.9125 ↓↓ 1.8833 ↓↓	CHEDDAR-500 13.3 1.9655 ↓↓
BUTTER (AMF) N/A	MOZZARELLA (BULK) 1.9170 ↓↓ 0.8%	DRY WHEY 5.7 0.4466 ↑↑
BUTTER MILK POWDER N/A	WHOLE POWDER (WMP) 1.4256 ↓↓ 1.6%	
LACTOSE 0.3593 ↓↓ 0.6%		

ANNOUNCED FEDERAL ORDER PRICES (\$/CWT) NASS ALL-MILK						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	JUNE 3-29, 2024	JUNE 2024				
*21.32(AUG)	21.60(JUN)	19.87(JUN)	21.08(JUN)	22.00(MAY) ↓↓	22.50(MAY) ↑↑	PRODUCT	VALUE	MAKE	ALLOW	NET	COMPONENTS	
MONTH AGO						CHEESE	1.9962	0.2003	1.7959	↑↑	PROT	2.0546 ↑↑
YEAR AGO						BUTTER	3.0983	0.1715	2.9268	↑↑	B.FAT	3.5444 ↑↑
21.11	21.50	18.55	20.50	20.50 4.15F	21.80 4.17F	NFD	1.1770	0.1678	1.0092	↑↑	N.FAT	0.9991 ↑↑
16.62	18.83	14.91	18.26	19.10 4.06F	20.40 4.05F	DRYWHEY	0.4249	0.1991	0.2258	↑↑	OTHER	0.2326 ↑↑

U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report													
MAY-23	JUN-23	JUL-23	AUG-23	SEP-23	OCT-23	NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	*JUN-24
1400	1559	1502	1540	1500	1741	2108	N/A	1635	N/A	N/A	N/A	2115	*2016 ↓↓

U.S. AVG. MILKING COWS per head as reported by USDA Monthly National Dairy Comprehensive Report													
MAY-23	JUN-23	JUL-23	AUG-23	SEP-23	OCT-23	NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	*JUN-24
1469	1792	1615	1634	1643	1830	1988	N/A	1792	N/A	N/A	2120	2254	*1624 ↓↓

CATTLE - DAIRY PURPOSES (\$/HD) USDA and other East and Midwest auction reports combined 4-week rolling average as of July 6, 2024											
MILK COWS (NASS) U.S. Avg.	HEIFERS	FRESH	Springing	Bred	Beef x	OPEN: 300-600 lbs	Beef X	600-900 lbs	Beef X	900-1100 lbs	BULLS (800-1300 lbs)
\$2120 APR-24 ↑↑	\$1890 JAN-24	2850	2450	1900	2200	900	1500	1550	N/A	1800	1600
YEAR AGO											
\$1720 APR-23 NC	\$1720 JAN-23	1550	1550	1525	1000	575	N/A	1000	N/A	1000	1200

PA Auction Markets July 11-16, 2024				FED STEERS (\$/CWT LIVE)				BULL CALVES: No. 1 & 2, 90-130 lbs			
CULL MARKET COWS (\$/CWT LIVELWEIGHT)				Choice & Prime 1250-1550 lb	Holstein	Beef-X-Dairy	WK AGO	177.00	186.85	132.00	N/A
Premium White	Breakers	Boners	Lean	N/A	188.50 ↑↑	100.00 ↓↓	675.00	975.00	275.00	500.00	
WEEK AGO				70-85 lbs				745.00	1075.00	275.00	450.00
139.10 ↓↓				550.00 ↓↓				600.00 ↓↓			
129.35 ↑↑				1050.00 ↓↓							
117.10 ↑↑											
YEAR AGO											
N/A											
139.75											
128.50											
115.85											
YEAR AGO											
N/A											
105.25											
92.50											
85.00											

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