

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JULY 25, 2023 — except where noted



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JULY: At \$14.91 per cwt, the Class III price dropped below the \$15 mark for the first time in more than three years. The June price is \$9.42 per cwt less than June 2022. With just a few days left in July, it is possible that July Class III will fall below \$14, also for the first time in more than three years. June Class IV price settled at \$18.26 for the month, 16 cents more than May, but \$7.57 less than May 2022. Based on July 21 closing prices, both Class III and Class IV average prices have improved since the end of June. Improved milk prices are certainly welcome, but, unfortunately, prices over the next several months and perhaps through the end of the year look tight. Global feed commodity uncertainty on the feed side of the equation could make matters worse.

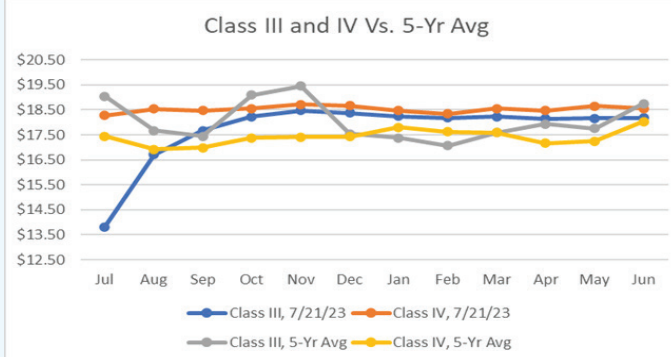
Despite the lowest Class III prices since May 2020 in June, and most likely July, the average Class III price has improved since the end of June. Domestic cheese demand is helping to stabilize the cheese price which, in turn, helps the Class III price. The Class III average futures price is 36 cents less than the five-year average price of \$18.06 per cwt. The 12-month average Class III price is now \$17.70 per cwt, 55 cents more than it was at the end of June. Butter and powder prices have stabilized somewhat, helping to stabilize and allow Class IV milk futures prices to improve. The 12-month Class IV average milk price currently is \$18.52 per cwt, 15 cents more than the end of June. Unlike Class III, the average Class IV price remains above the five-year average price of \$17.42 per cwt by \$1.10.

The U.S. dairy herd decreased by 5,000 (-0.05%) cows year-over-year (YOY) to 9.408 million. High beef prices and low milk prices make a good environment for higher culling. This was definitely the case in June. Nearly 10% more dairy cows went to beef markets across the country than last June. Cow numbers fell by 16,000 compared to May 2023. Milk production was flat, down only 0.02% to 18.916 billion pounds. Milk per cow was basically flat as well. The average U.S. cow produced 2,011 pounds of milk during the month

of June, just one pound more than she did last year.

The Pennsylvania dairy herd fell 1,000 (-0.2%) cows compared to one year ago to 466,000 head. June was the sixth consecutive month that Pennsylvania was able to maintain its herd size. Milk production per cow also fell across the Keystone State with the average cow producing 1,770 pounds of milk, 30 (-1.7%) pounds less than she did in June 2022. With 1,000 less cows producing 30 pounds less milk than one year ago, total production across Pennsylvania declined to 825 million pounds milk, 16 million (-1.9%) less than last year.

For the second month in a row, nearly every major dairy product export category experienced YOY declines in May. Only whey protein concentrate 80+ and milk protein concentrate showed growth relative to last year at +14% and +6%, respectively. A total of 956,050 metric tons of milk solids equivalent dairy products left U.S. borders in May. This represents a decline of 29,296 metric tons (-4%) YOY. With U.S. dairy product prices continuing to decline along with decreased exports, the export value also fell. At a value of \$3.649 million, export value declined by 7% compared to May 2022.



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 — JULY 25, 2023 AT THE CLOSE

	JUL-23	AUG-23	SEP-23	OCT-23	NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	TREND				
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: July23 off \$0.05, Aug-Nov23 \$1-1.50 higher; Dec23-Jun24 \$0.45-0.90 higher. 12-Month Avg. 17.90 ↑↑	13.78	17.37	17.93	18.39	18.61	18.61	18.40	18.40	18.42	18.42	18.63	18.37	↑↑				
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Jul23 firm; Aug23-Feb24 up \$0.50-1.00, except Dec23 \$1.75 higher; Mar-Jun24 up \$0.15-0.35. 12-Month Avg. 17.90 ↑↑	18.30	18.76	18.89	18.99	19.22	19.00	18.90	18.94	18.75	18.60	18.81	18.89	↑↑				
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	13.75 0.02	17.50 0.53	17.75 0.64	18.50 1.10	18.75 1.17	18.50 1.18	18.50 1.16	18.50 1.22	18.50 1.25	18.50 1.23	18.25 1.20	18.25 1.24					
MILK BASIS (\$/CWT) — 2017-22 PA BASIS AND AVG PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA 0.99	1.03	0.95	0.79	0.60	0.79	1.17	0.62	1.53	2.29	1.82	1.58					
*AVG 1.25 1.31 1.15 0.67 0.74 1.38 0.85 1.67 2.55 2.15 1.66 1.45																	
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	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	
	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	*4.83	↓↓	

U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report	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	JUN-23	
	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	*244.27	↓↓
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report	1253	1390	1278	1184	1350	1407	1265	1310	1290	1300	1250	1352	1342	1330	1400	*1559	↑↑
U.S. AVG. FRESH COWS per head as reported by USDA Monthly National Dairy Comprehensive Report	1486	1468	1496	1341	1571	1417	1384	1701	1526	1531	1436	1487	1493	1544	1469	*1792	↑↑

CORN FUTURES (\$/BU)	SEP-23	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	TREND
	5.574	5.652	5.754	5.804	5.806	5.492	5.414	5.500	5.540	5.556	5.174	5.030	↑↑
WEEK AGO	5.454	5.530	5.632	5.690	5.702	5.450	5.410	5.500	5.544	5.554	5.200	5.054	

SOYMEAL FUTURES (\$/TON)	AUG-23	SEP-23	OCT-23	DEC-23	JAN-24	MAR-24	MAY-24	JUL-24	AUG-24	SEP-24	OCT-24	DEC-24	TREND
	453.8	436.3	419.9	416.1	410.5	400.8	393.9	391.3	386.5	380.6	373.5	372.2	MIXED
WEEK AGO	443.8	429.3	417.4	414.9	411.0	402.7	397.1	395.2	390.5	384.9	377.9	376.6	

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *MAY 2023	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	CME DAIRY CASH-SETTLED FUTURES (\$/LB) 07/25/23	SPOT CASH TEND 07/25/23
FEED = \$/CWT	*MAY (estimated) *9.65↑↑	*8.21↓↓	*15.45↓↓	NFDM 1.160	1.150
IOFC = \$/COW	PREV MO 9.28	8.87	15.86	WHEY 0.265	0.271
	YR AGO 9.34	13.47	20.48	BUTTER 2.480	2.590
				CHEESE 1.492	1.850
					1.889
					1.930
					1.978
					1.924
					↑↑
					See Below
					CME SPOT CHEESE: BARRELS 1.8300 / 40 LB BLOCKS 1.8625 ↑↑ / ↑↑

*USDA MAR-23 NEW ALL-MILK BF MAILBOX	*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	*CURRENT FEDERAL ORDER VALUES (\$/LB) *NEW
FL \$24.40 3.78 \$23.38	CL I ADV ↓↓ 16.62(AUG)	WEIGHTED AVG. 2-WK JULY 1-15, 2023
SE \$24.00 3.83 \$22.05	CL II ↓↓ 18.83(JUN)	PRODUCT VALUE MAKE ALLOW NET
APP \$24.00 4.01 \$21.56	CL III ↓↓ 14.91(JUN)	CHEESE 1.5724 0.2003 1.3721 ↓↓
NY \$22.20 4.23 \$21.52	CL IV ↑↑ 18.26(JUN)	BUTTER 2.4510 0.1715 2.2795 ↑↑
PA \$21.70 4.14 \$20.90	ALL-MILK-U.S. 19.30(MAY) ↓↓	NFDM 1.1674 0.1678 0.9996 ↑↑
OH \$21.70 4.10 \$20.76	4.06F	DRYWHEY 0.3220 0.1991 0.1229 ↓↓
IN \$21.90 4.07 \$20.76	4.02F	
CA \$21.20 4.17 \$20.74		
WAOR \$23.00 4.27 \$20.74		
PA Western PA only \$20.59		
IL \$20.90 4.18 \$20.59		
MN \$21.20 4.52 \$20.56		
WV \$20.50 4.17 \$20.32		
US \$21.10 4.19 \$20.32		
MO N/A N/A \$19.77		
IA \$20.20 4.36 \$19.65		
MI \$20.60 4.11 \$19.52		
NE/KS \$20.10 4.32 \$19.01		
TX \$20.80 4.26 \$18.79		
NM \$18.50 3.96 \$17.39		

CATTLE - DAIRY PURPOSES (\$/HD) (Avg July 19, 2023 New Holland PA) Supply down 50% vs. year ago, consisting of 36% fresh/milking cows, 39% bred/springer heifers, 15% open heifers. Compared with week ago: All classes \$100 to \$200 higher on reduced offerings, with open heifers weak to lower, although insufficient numbers for full market test.	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)
	1650 1550 IND 1500 CPL 1500 1600 950 535 LTD N/A 800 LTD N/A 1125 1100
	WEEK AGO COMPARISON
	1550 1350 LTD 1560 LTD 1400 1400 975 N/A N/A 1030 950 1225 N/A

Avg. of prices reported by USDA Market News for PA Auction Markets July 20-25, 2023	FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)	CURRENT Beef X WEEK AGO YR AGO
CULL MARKET COWS (\$/CWT LIVELWEIGHT)	Choice & Prime 1250-1550 lbs light test	142.00 132.00 139.00 ↑↑
Premium White Breakers Boners Lean	BULL CALVES: No. 1 & 2, 90-130 lbs	275.00 500.00 275.00 500 85.00 NC
	70-85 lbs	275.00 450.00 275.00 450 72.00 ↓↓

brought to you by:

Price averages do not include lower-end common

Average to high dressing	WEEK AGO	YEAR AGO
N/A	106.10↑↑	93.00↑↑
N/A	105.25	92.50
N/A	83.25↓↓	83.25↓↓
	106.10↑↑	93.00↑↑
	105.25	92.50
	83.25↓↓	83.25↓↓