CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — **AUG. 30, 2023** — except where noted

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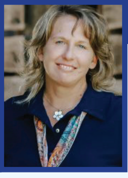


July milk production falls: July marked a turning point for our nation's milk supply, with production down 0.5% from a year ago to 19.075 billion pounds, according to the USDA Milk Production Report released last week. This was the first year-over-year decline since May 2022 when production fell 0.4 percent. The decline comes after growth in the first half of 2023, with the first quarter growth at 1% and second quarter at 0.4%. Hotter temperatures in major dairy states, coupled with a decline in the nation's dairy herd, attributed to July's decline.

Cow numbers fell 13,000 head from a year ago to 9.4 million head, the lowest level since December 2022. From June, cow numbers were down 3,000 head, with higher cull values and lower margins driving more cows to slaughter during the summer months. According to USDA's Livestock Slaughter report, dairy cow slaughter was up 10% year-over-year in June at 255,700 head, with year-to-date dairy cow slaughter up 6.4% to nearly 1.619 million head. Weekly slaughter reports show that trend continuing into August, with cull cows sent to auction remaining well above year-ago.

California posted the largest decline in total milk production, down 5.5% with 7,000 fewer head than a year ago. Milk production per cow in the Golden State also fell dramatically, driven by the higher temperatures coupled with ongoing water issues, down 95 pounds or 5.2% to 1,940 pounds for July. Hotter temperatures and water issues plagued other major dairy states in that region, with Texas and New Mexico both posting dramatic declines in milk production. New Mexico fell 9.1%, with 17,000 fewer cows and 70 pounds less milk per cow than a year ago. Texas lost 15,000 cows and was down 4.3% in total milk production, dropping 45 pounds per cow.

As water issues continue to plague the Southwest, our nation's milk supply may continue to shift as cows move across the country. Across the Midwest region, milk production grew modestly, with milk per cow remaining strong in that region due to milder summer weather conditions. Idaho, Michigan, and South Dakota all also saw significant growth in cow numbers from a year ago.

Wisconsin was up 0.9% in total milk production, despite losing 3,000 head. However, milk production per cow in America's Dairyland was up 25 pounds per cow. Idaho, Michigan, and Minnesota also experienced growth in total milk production, with Michigan up 4.1% in total milk production, with 13,000 more cows. Idaho was up 2% in total milk production, with 13,000 more cows. Minnesota's cow numbers fell 1,000 head from a year ago, but the state still was up 0.3% in total milk production. South Dakota, also in the Midwest but not among the top 8 dairy states, experienced the most growth in July, with total milk production up 7.5% with 14,000 more head.

In the Northeast, milk production was more mixed. New York continues to show strong growth, up 3.7% in total production with 7,000 more head than a year ago. Milk per cow in New York was also up 55 pounds from July 2022 to this past month. Vermont and Pennsylvania both posted small losses, with Vermont cow numbers flat but its milk per cow down 5 pounds from a year ago. Pennsylvania's total milk production was down 0.8% with 1,000 fewer cows than a year ago. However, cow numbers in the Keystone State have remained level for the past six months. Milk per cow, though, continues to struggle, falling 10 pounds from a year ago to 1,780 pounds for the month.

Comparably, the state with the highest milk production per cow in the nation is Michigan, which is just west of us with similar weather patterns. Michigan's milk production per cow in July was 2,360 pounds per cow, more than 580 pounds above where Pennsylvania sits in milk production per cow. The national average in milk production per cow for the month of July was 2,047 pounds, or about 75 pounds per day assuming 87 percent of the nation's dairy herd is in milk.

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.

*AVG = Average basis for North-East and Mid-East

*MARGIN = Milk Price over Feed Cost per cwt. YELLOW = payment triggered

CME DAILY FUTURES & OPTIONS TRADING — AUG. 30, 2023 AT THE CLOSE

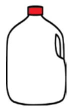
	SEP-23	OCT-23	NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	TREND
CLASS III MILK FUTURES ($/CWT) vs. wk ago: *Sep -Dec23 $0.50-1.25 higher, Jan-Mar24 up $0.25, Apr-Aug24 steady to $0.10 higher.* *12-Month Avg.* 18.52 ⇈	18.87	18.95	18.54	18.52	18.40	18.39	18.41	18.38	18.38	18.43	18.52	18.52	⇈
CLASS IV MILK FUTURES ($/CWT) vs. wk ago: *Sep-Dec23 dn $0.50-0.60, Jan- Mar24 dn $0.10-0.25, Apr-May24 dn $0.50, Jun-Aug24 up $0.10.* *12-Month Avg.* 18.55 ⇊	18.48	18.38	18.39	18.19	18.18	18.25	18.64	18.52	18.55	18.94	19.00	19.10	⇊
CLASS III MILK ($/CWT) **OPTIONS — PUTS — Daily Strike Price** / Premium	**18.75** 0.19	**19.00** 0.71	**18.50** 0.75	**18.50** 0.87	**18.50** 1.01	**18.50** 1.05	**18.50** 1.11	**18.50** 1.14	**18.50** 1.18	**18.50** 1.20	**18.50** 1.12	**18.50** 1.19	

MILK BASIS ($/CWT) — **2017-22 PA BASIS AND AVG PA/NY/VT/OH** — ***YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)***

PA	0.95	0.79	0.60	0.79	1.17	0.62	1.53	2.29	1.82	1.58	0.99	1.03
*AVG	1.15	0.67	0.74	1.38	0.85	1.67	2.55	2.15	1.66	1.45	1.25	1.31

DMC OFFICIAL GROSS MARGINS *per cwt(USDA All-Milk, corn, alfalfa & Ill. soybean, feed for ALL CLASSES of dairy cattle on farm) Updated with NEW prem. alfalfa feed cost*

DMC	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	
	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	*3.65	⇊



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

	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	JUL-23	
U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP	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	*254.92	⇈
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) *per head as reported by USDA Monthly National Dairy Comprehensive Report*	1390	1278	1184	1350	1407	1265	1310	1290	1300	1250	1352	1342	1330	1400	1559	*1502	⇊
U.S. AVG. FRESH COWS *per head as reported by USDA Monthly National Dairy Comprehensive Report*	1468	1496	1341	1571	1417	1384	1701	1526	1531	1436	1487	1493	1544	1469	1792	*1615	⇊

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
Current	4.616	4.806	4.970	5.054	5.092	5.052	5.100	5.206	5.260	5.266	4.982	4.944	MIXED
WEEK AGO	4.762	4.904	5.036	5.112	5.146	5.070	5.076	5.176	5.224	5.234	4.956	4.920	

SOYMEAL FUTURES ($/TON)

	SEP-23	OCT-23	DEC-23	JAN-24	MAR-24	MAY-24	JUL-24	AUG-24	SEP-24	OCT-24	DEC-24	JAN-25	TREND
Current	423.0	411.0	410.2	407.6	402.0	397.8	394.3	389.5	383.0	382.1	380.0	374.9	⇈
WEEK AGO	413.0	404.5	401.0	397.2	390.2	385.2	384.4	381.6	378.0	373.1	372.5	370.5	

PA MILK MARGIN & IOFC–LATEST PSU VALUES – *JUNE 2023

* = NEW

FEED = $/CWT.

IOFC = $/COW

	FEED COST ($/CWT milk)	IOFC ($/COW @ 75 lbs milk)	PA MILK MARGIN ($/CWT milk)
*JUN (estimated)	*9.36 ⇊	*7.45 ⇊	*14.48 ⇊
PREV MO	9.65	8.21	15.45
YR AGO	9.07	13.98	20.78

Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price

CME DAIRY CASH-SETTLED FUTURES ($/LB) 08/30/23

	SEP	OCT	NOV	DEC	JAN24	FEB24	MAR24		SPOT CASH TREND 08/30/23
NFDM	1.107	1.098	1.098	1.105	1.130	1.145	1.175	⇊	1.0975 ⇈
WHEY	0.292	0.315	0.329	0.340	0.355	0.365	0.370	⇈	0.2850 ⇈
BUTTER	2.621	2.620	2.620	2.550	2.473	2.470	2.495	⇊	2.6200 ⇊
CHEESE	1.995	1.986	1.939	1.920	1.916	1.908	1.903	⇈	See Below

CME SPOT CHEESE: BARRELS 1.8600 / 40 LB BLOCKS 1.9925 ⇈ / ⇈

**USDA MAY-23 NEW *

	ALL-MILK	BF	*MAILBOX
*FL	$24.80	3.77	$23.26
*SE	$23.70	3.84	$21.88
*APP	$23.50	3.88	$21.22
*N.ENG	$21.00	4.10	$20.51
*NY	$20.30	4.05	$19.93
*PAeast	$20.60	4.02	$19.89
*OH	$20.50	3.95	$19.65
*IN	$20.50	3.95	$19.62
*IL	$19.30	4.04	$19.04
*PAwestern PA only			$19.02
*WA/OR	$21.00	4.12	$18.89
*U.S.	$19.30	4.06	$18.53
*CA	$20.10	4.06	$18.37
*MI	$19.20	4.00	$18.21
*MO	N/A	N/A	$17.88
*WI	$17.90	4.06	$17.81
*MN	$17.60	4.28	$17.34
*NE/KS	$18.00	4.08	$17.13
*IA	$16.80	4.25	$16.97
*TX	$19.00	4.08	$16.95
*NM	$17.50	3.83	$16.41

* = NEW ANNOUNCED FEDERAL ORDER PRICES ($/CWT)

	*CL I ADV ⇈	*CL II ⇈	*CL III ⇈	*CL IV ⇈	ALL-MILK-U.S	ALL-MILK-PA
Current	*18.90 (SEP)	*19.91 (AUG)	*17.19 (AUG)	*18.91 (AUG)	17.90 (JUN) ⇊ 4.01F	19.30 (JUN) ⇊ 4.00F
MONTH AGO	16.62	19.12	13.77	18.26	19.30 4.06F	20.60 4.02F
YEAR AGO	23.62	26.91	20.10	24.81	26.90 3.94F	27.70 3.86F

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

WEIGHTED AVG. 4-WK AUG 1-26, 2023

PRODUCT	VALUE	MAKE ALLOW	NET		*AUGUST 2023 COMPONENTS	
*CHEESE	1.8349	0.2003	1.6346	⇈	*PROT	2.0851 ⇈
*BUTTER	2.6668	0.1715	2.4953	⇈	*B.FAT	3.0218 ⇈
*NFDM	1.1374	0.1678	0.9696	⇊	*N.FAT	0.9599 ⇊
*DRYWHEY	0.2620	0.1991	0.0629	⇊	*OTHER	0.0648 ⇊

CATTLE - DAIRY PURPOSES($/HD) (Avg Aug. 30, 2023 New Holland PA) *Supply closer to year ago levels: 59% fresh/milking cows, 38% bred/springer cows, not enough heifers for a market test. Cows $400/head lower than last week's big jump.*

	COWS: Fresh	Bred	Springing	*HEIFERS: Bred	Springing	Beef x	Open: 300-600 lbs	Beef X	600-900 lbs	Beef X	900-1100 lbs	BULLS (800-1300lbs)
Current	1650	1775	1885 FEW	------------------NOT ENOUGH HEIFERS FOR MARKET TEST------------								1250 FEW
WEEK AGO COMPARISON	2100	2421	2250 FEW	1475 LTD	1715 LTD	N/A	550 IND	N/A	950	N/A	1275	1600 IND

Price averages do not include lower-end 'common'

Avg. of prices reported by USDA Maket News for PA Auction Markets Aug. 24-29, 2023

CULL MARKET COWS ($/CWT LIVEWEIGHT

Average to high dressing

	Premium White	Breakers	Boners	Lean
Current		109.75 ⇈	98.25 ⇈	90.25 ⇈
WEEK AGO	N/A	108.85	91.10	88.60
YEAR AGO	N/A	88.00	80.85	73.00

FED HOLSTEIN STEERS ($/CWT LIVEWEIGHT)		CURRENT	Beef X	WEEK AGO		YR AGO	
Choice & Prime 1250-1550 lbs light test		140.00 LTD		135.00		132.00	⇈
BULL CALVES:	No. 1 & 2, 90-130 lbs	275.00	590.00	275.00	530.00	125.00	NC
	70-85 lbs	275.00	635.00	325.00	600.00	90.00	⇊