CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — SEPT. 25, 2024 — except where noted

By KATHLEEN WOLFLEY
Ever.Ag
kwolfley@ever.ag

Can Strong Milk Prices Last Into 2025? If you're inclined to bury your head in the sand when thinking about milk prices, now might be a good time to come up for air. Milk prices heading into the fourth quarter for both Class III and IV are sitting squarely above $21 per hundredweight, supporting some of the best revenues dairies have seen in a decade.

Supply remains a key driver of current price strength. Between a hot, humid summer and the ongoing spread of avian influenza, U.S. milk production has struggled. August's 0.1% drop in U.S. milk output marked the 14th consecutive month of year-over-year declines. And a turnaround may not be right around the corner as supply concerns in places like California, where avian influenza is spreading, take center stage. At the same time, limited heifer availability continues to curtail any quick bounce-back in cow numbers. With lighter milk availability, supplies of products like fresh cheddar – the currency at the CME spot cheese market – have been snug, giving prices a boost.

And the U.S. is not the only region struggling. European milk supplies and components have been on a downward trend for much of 2024, with some key regions facing an uphill battle of tight margins, poor weather and increased environmental restrictions. Plus, a recent outbreak of Bluetongue virus is yet another hurdle toward near-term supply expansion in Europe. With less milk available, cheese and butter prices in the EU have sprung higher, creating some opportunities for U.S. exporters into 2025. Could that mean a repeat of early 2024's record cheese exports?

Though the price-supportive storyline is an easy one to tell, it's not without risks – particularly for the Class III market. Take the U.S. consumer. Value remains a key decision-making driver for consumers, with aggressive retail and foodservice promotions helping to prop up demand over the past several months. Now, with cheese prices well over $2 per pound and butter around $3 heading into the fourth quarter, will end-users pull back on promotional dollars? Once the holidays are over, will consumers keep spending?

New plant capacity is one to watch as well. A few large cheese plants are expected to fire up over the next 30 to 90 days. Though it will take time for facilities to work the kinks out, we expect to see more cheese available on the market heading into 2025 and beyond. Without a corresponding uptick in demand, increased cheese production could weigh on Class III values. However, it's worth noting that unless milk output picks up, the opening of new cheese plants is likely to be price supportive for the Class IV market.

As it stands today, tight supply and improved export competitiveness continue to drive stronger market sentiment. But it seems likely that the run higher will lose steam before too long. We expect that some of the less tangible hurdles like domestic demand, timing of new cheese capacity, and the potential for more milk will ultimately throw cold water on continued upside. The timing, however, remains uncertain.

With that in mind, this current high-priced environment is a good time for producers to look at managing risk for 2025. Current Class III values for the first half are trading around $19.50 per hundredweight. If realized, it would be the third highest price for the period going back to 2000. It's a similar story with Class IV prices - first half futures are trading around $21.50 per hundredweight. At current prices, producers using Dairy Revenue Protection could set floor levels net of premium at historic-high price points well into 2025. Don't let this historic opportunity pass you by.

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.

Kathleen Wolfley is a registered Associated Person with Ever.Ag, a registered Introducing Broker. Kathleen Wolfley is also a licensed insurance agent in the following states: CT, IA, ME, MD, MA, MI, NH, NJ, NY, NC, OH, PA, VA, VT, WV, WI, with Ever.Ag Insurance Services, a licensed insurance agency (CA #0M53932). This agency is an equal opportunity employer.

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 — SEPT. 25, 2024 AT THE CLOSE

SEP-24	OCT-24	NOV-24	DEC-24	JAN-25	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	JUL-25	AUG-25	TREND
CLASS III MILK FUTURES ($/CWT) vs. wk ago: *Sep24 firm; Oct-Dec24 dn $0.15-0.35; Jan-Apr25 up $0.05-0.15; May-Jul25 dn $0.05-0.15; Aug25 up $0.10.*											*12-Month Avg.* 20.59↓↓	
23.33	23.41	22.77	21.50	20.55	19.78	19.45	19.20	19.08	19.15	19.29	19.58	MIXED
CLASS IV MILK FUTURES ($/CWT) vs. wk ago: *Sep4 dn $0.05; Oct24-Jan25 dn $0.15-0.55; Feb-Apr25 steady-firm; May-Aug25 fim to $0.10 higher.*											*12-Month Avg.* 21.67↓↓	
22.30	21.75	22.20	21.80	21.20	21.59	21.59	21.50	21.48	21.49	21.55	21.60	MIXED

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***

	SEP-24		OCT-24		NOV-24		DEC-24		JAN-25		FEB-25		MAR-25		APR-25		MAY-25		JUN-25		JUL-25		AUG-25	
Mailbox	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	18.65	18.35	18.62	18.41
Class III	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	18.16	18.16	17.59	17.59
BASIS	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	0.49	0.19	1.03	0.82

CORN FUTURES ($/BU)

DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	MAR-26	MAY-26	JUL-26	DEC-26	JUL-27	DEC-27	TREND
4.152	4.324	4.424	4.484	4.450	4.502	4.606	N/A	N/A	4.552	N/A	N/A	↑↑

SOYMEAL FUTURES ($/TON)

OCT-24	DEC-24	JAN-25	MAR-25	MAY-25	JUL-25	AUG-25	SEP-25	OCT-25	DEC-25	JAN-26	MAR-26	TREND
327.9	330.0	330.9	332.5	334.6	336.7	337.2	335.5	N/A	337.8	N/A	N/A	↑↑

U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - *Source: 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	JUL-24	*AUG-24	
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	211.69	185.21	196.44	↑↑

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

DMC	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	*JUL-24	
	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	11.66	*12.33	↑↑
ALL MILK	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	22.80	22.80	NC
FEED $	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	11.14	10.47	↓↓

DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction ($/LB) 09/17/24
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to $/LB
NEXT GDT AUCTION 10/01/24

ALL-PRODUCT INDEX		↑↑	0.8%	SKIM POWDER (SMP)	1.2745	↑↑	2.2%
MILKFAT (AMF)	3.2758	↓↓	1.2%	BUTTER	2.9700	↓↓	1.7%
BUTTERMILK POWDER	N/A		N/A	CHEDDAR(BULK)	2.0149	↑↑	2.9%
LACTOSE	0.4065	↑↑	3.5%	MOZZARELLA (BULK)	2.4279	↑↑	4.5%
				WHOLE POWDER (WMP)	1.5644	↑↑	1.5%

U.S. CME SPOT DAILY ($/LB) 09/25/24

	Prev. 5 day Lds	Spot price	Weekly Avg
NFDM	40	1.3775↓↓	1.3825↓↓
BUTTER	16	2.8600↓↓	2.9000↓↓
CHEDDAR-40	4	2.1750↓↓	2.1883↓↓
CHEDDAR-500	0	2.4275↓↓	2.5208↓↓
DRY WHEY	9	0.5950NC	0.5908↓↓

U.S. WEEKLY USDA NDPSR ($/LB) WK ENDING 9/21/24*

FMMO PROD	MIL. LBS	WTED AVG $
NFDM	15.5	1.2965↑↑
BUTTER	1.7	3.1811↓↓
CHEESE-40	10.0	2.2365↑↑
CHEESE-500	13.8	2.3411↑↑
DRY WHEY	7.2	0.5296↑↑

**U.S. Weekly NDPSR is averaged for the Month & used in FMMO formulas.*

NEW! USDA *JUN-24*

ALL-MILK	BF	*MAILBOX
FL	$25.90	3.82	$24.84
SE	$25.90	3.83	$23.96
APP	$25.90	3.97	$23.02
N.ENG	$23.70	4.12	$22.86
NY	$23.30	4.07	$22.63
OH	$23.20	3.94	$22.39
IN	$23.30	3.96	$22.32
MN	$23.00	4.35	$22.27
CA	$21.80	4.10	$22.21
PAeast	$23.30	4.01	$22.16
IL	$23.00	4.08	$22.10
PAwestern PA only			$22.05
U.S.	$22.80	4.10	$22.04
MO	N/A	N/A	$21.83
FO30	$22.55	4.10	$21.79
TX	$23.60	4.22	$21.70
MI	$22.90	4.02	$21.65
WI	$22.10	4.09	$21.62
WA/OR	$24.20	4.22	$21.55
IA	$22.70	4.33	$21.26
NE/KS	$22.00	4.14	$21.06
NM	$21.30	3.88	$20.13
ID	$23.20	4.14	N/A
SD	$23.70	4.53	N/A

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

*CL I ADV↑↑	CL II↑↑	CL III↑↑	CL IV ↑↑	ALL-MILK-U.S	ALL-MILK-PA
*23.17(OCT)	22.05(AUG)	20.66(AUG)	21.58(AUG)	22.80(JUL)NC 4.07F	23.10(JUL)↓↓ 3.95F
MONTH AGO					
21.60	21.82	19.79	21.31	22.80 4.10F	23.30 4.01F
YEAR AGO					
19.47	19.91	17.19	18.91	17.30 3.99F	18.80 3.91F

CURRENT FEDERAL ORDER VALUES ($/LB) * = *NEW*
WEIGHTED AVG. 4-WK AUG 1-31, 2024

PRODUCT	VALUE	MAKE ALLOW	NET	
CHEESE	2.0399	0.2003	1.8396	↑↑
BUTTER	3.1139	0.1715	2.9424	↓↓
NFDM	1.2268	0.1678	1.0590	↑↑
DRYWHEY	0.4864	0.1991	0.2873	↑↑

AUG. 2024

COMPONENTS	
PROT	2.1756↑↑
B.FAT	3.5632↓↓
N.FAT	1.0484↑↑
OTHER	0.2959↑↑

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

JUL-23	AUG-23	SEP-23	OCT-23	NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24
1502	1540	1500	1741	2108	N/A	1635	N/A	N/A	N/A	2115	2016	N/A	N/A

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

1615	1634	1643	1830	1988	N/A	1792	N/A	N/A	2120	2254	1624	N/A	N/A

CATTLE - DAIRY PURPOSES($/HD) USDA and other East and Midwest auction reports combined 4-week rolling average as of Sept. 14, 2024

*MILK COWS (NASS) U.S. Avg.	FRESH	HEIFERS: Springing	Bred	Beef x	OPEN: 300-600 lbs	Beef X	600-900 lbs	Beef X	900-1100 lbs	BULLS(800-1300lbs)
$2360 JUL-24 ↑↑ $2120 APR-2	3100	2650	2000	2200	900	1500	1400	N/A	2000	1800
YEAR AGO										
$1760 JUL-23	$1720 APR-23	1475	1700	1400	1400	650	N/A	1000	N/A	1000	1100

Price averages do not include lower-end 'common'

PA Auction Markets Sep. 19-24, 2024
CULL MARKET COWS ($/CWT LIVEWEIGHT)

Premium White	Breakers	Boners	Lean
	129.00↑↑	123.00↓↓	113.00↓↓
WEEK AGO			
N/A	128.75	130.50	117.50
YEAR AGO			
N/A	98.10	95.00	80.10

Average to high dressing

FED STEERS ($/CWT LIVE)

	Holstein	Beef-X-Dairy	WK AGO		YR AGO	
Choice & Prime 1250-1550 lb	155.00↓↓	181.75↓↓	165.50	187.50	135.00	N/A
BULL CALVES: No. 1 & 2, 90-130 lbs	490.00↓↓	850.00NC	500.00	850.00	350.00	675.00
70-85 lbs	500.00↓↓	900.00↓↓	540.00	925.00	325.00	770.00

brought to you by:
CENTER FOR DairyEXCELLENCE
FARMSHINE
pennsylvania DEPARTMENT OF AGRICULTURE