

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — OCT. 12, 2022 — except where noted

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**Per capita dairy consumption:** The last time per capita dairy consumption was higher than 2021, Dwight Eisenhower was the president, and my Baby Boomer parents were not yet teenagers. Per capita consumption is defined as the annualized total dairy product consumption divided by the U.S. population. According to USDA data, per capita consumption was 672 pounds per person on a milk-fat, milk-equivalent basis in 1959. From then through the mid-1980s per capita consumption declined to a low of 541 pounds per person. Between the mid-1980s until 2004, consumption oscillated between the 560s and 590s. In 2005, per capita consumption climbed to 603 pounds per person from 594 in 2004. It has been on a general upward trend since then. Since 2005, per capita consumption has only experienced a year-over-year decline four years out of 17, culminating in a multi-decade high of 667 pounds per person in 2021.

During this 17-year period, the largest jumps in consumption have occurred in the last seven years. Per capita consumption jumped 13 pounds per person in 2015 to 628 and climbed another 16 pounds per person to 644 in 2016. 2017 saw a 1 pound per person decline that was regained in 2018. 2019 consumption added eight pounds per person to reach 652. Three more pounds of growth occurred during 2020 to 655 then another healthy 12 pounds per person increase to reach 667 last year.

Unfortunately, total fluid milk consumption continued its gradual decline last year, dropping to a new multi-decade low of 134 pounds per person, seven pounds (-5%) less than 2020. Per capita fluid milk consumption in 2021 was equivalent to about 15.8 gallons per person compared to 29.1 in 1975. That's a drop of nearly 50% in volume over the last 47 years. While there have been recent positive trends in certain fluid milk categories like whole milk, flavored milk, and lactose free fluid milk products, it has not been enough to offset declines in low fat and fat free fluid milk consumption to keep the entire category from declining.

For per capita consumption to be growing, it means that other categories are growing fast enough to offset fluid milk declines. Growth in cheese consumption has been the main driver over the last several years with yogurt and butter also helping offset the fluid milk decline. Butter consumption stayed relatively flat from 1975 until 2013 at an average of 4.5 pounds

per person. From 2013 to 2014 butter consumption rose one pound per person to 5.5 and has gained another pound since then to reach 6.5 pounds of butter consumed per person in 2021, a 47 year high. Yogurt consumption has grown over seven-fold since 1975 (2.0 pounds) to 14.3 pounds per person in 2021.

American-type cheeses and other than American cheeses have seen amazing growth in the last 47 years. American-type cheeses include mainly cheddar, Colby, Monterey, and jack cheeses, while "other" is basically everything else. At 16.1 pounds per person, 2021 American-type cheese consumption was nearly double 1975's consumption at 8.1. Furthermore, 2021 American cheese per capita consumption was a record at 0.5 pounds more than the previous record set in 2020. Other-type cheese has also seen significant growth over the last 47 years. During 1975, other cheeses were consumed at a rate of 6.1 pound per person. In 2021, that rate increased nearly 3.7 times to 22.3 pounds per person. This is 0.5 pounds less than the record 22.8 pounds per person set in 2019 and about one third of a pound less than 22.6 pounds in 2020.

Per capita dairy consumption in 1975 was 539 pounds. Considering that the U.S. population in 1975 was about 216 million compared to 337 million in 2021, there are 121 million more people eating 138 more pounds of dairy products per person. Over the same time, total U.S. milk production grew from 116 billion pounds to 226 billion pounds. Current consumption rates are helping to keep milk supply more in line with demand than it would be if per capita consumption was not growing.

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

### Select Dairy Product Per Capita Consumption, lbs/person/year

	Fluid Milk	American Cheese	Other Cheese	Butter	Yogurt	Total Per Capita Consumption
<b>1975</b>	247	8.1	6.1	4.7	NA	539
<b>2020</b>	141	15.6	22.6	6.3	13.6	655
<b>2021</b>	134	16.1	22.3	6.5	14.3	667

### CME DAILY FUTURES & OPTIONS TRADING — OCT. 12, 2022 AT THE CLOSE

	OCT-22	NOV-22	DEC-22	JAN-23	FEB-23	MAR-23	APR-23	MAY-23	JUN-23	JUL-23	AUG-23	SEP-23	TREND
<b>CLASS III MILK FUTURES</b> (\$/CWT) vs. wk ago: Oct22-Jan23 \$0.40-0.50 lower; Feb-Aug23 weak to \$0.10 lower; Sept23 \$0.75 higher	21.85	21.26	20.72	20.30	20.44	20.48	20.42	20.42	20.44	20.44	20.44	20.44	12-Month Avg. 20.64
	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
<b>CLASS IV MILK FUTURES</b> (\$/CWT) vs. wk ago: Oct-Nov22 up \$0.10-0.30 higher; Dec22-Jun23 weak to \$0.30 lower; Jul-Sep23 steady to \$0.20 higher	24.77	23.88	22.24	21.50	21.43	21.42	21.38	21.29	21.33	21.53	21.35	20.20	MIXED
	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	21.75	0.09	21.25	0.64	20.75	0.98	20.25	1.08	20.50	1.27	20.50	1.35	20.50	1.42	20.50	1.50	20.50	1.57	20.50	1.54	20.50	1.59	20.25	1.68
<b>MILK BASIS (\$/CWT) — PA BASIS &amp; 2016-19 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)</b>	PA	0.79	0.60	0.79	1.17	0.62	1.53	2.29	1.82	1.58	0.99	1.03	0.95											
<b>AVG</b>	0.67	0.74	1.38	0.85	1.67	2.55	2.15	1.66	1.45	1.25	1.31	1.15												

<b>DMC OFFICIAL GROSS MARGINS</b> 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	JUN-21	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	*AUG-22	TREND
	6.03	5.47	5.03	6.69	8.54	9.14	9.53	11.54	10.98	11.55	12.29	12.51	11.92	9.92	*8.08	↓

<b>U.S. AVG PREMIUM ALFALFA &amp; ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report</b>																
JUN-21	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	AUG-22	*SEP-22	TREND
214.32	232.31	235.20	246.10	256.09	262.84	242.90	270.34	253.80	278.02	280.00	322.00	321.17	312.50	308.17	*290.70	↓
<b>U.S. AVG. BRED COWS &amp; HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report</b>																
1042	1003	1065	993	1018	1062	1152	1151	1237	1253	1390	1278	1184	1350	1407	*1265	↓

<b>CORN FUTURES</b> (\$/BU)														
DEC-22	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	JUL-25	TREND		
6.930	7.000	7.010	6.942	6.460	6.324	6.390	6.406	6.362	5.866	5.752	5.810	↑		
<b>WEEK AGO</b>														
6.830	6.900	6.910	6.846	6.322	6.192	6.260	6.280	6.240	5.732	5.614	5.672			

<b>SOYMEAL FUTURES</b> (\$/TON)														
OCT-22	DEC-22	JAN-23	MAR-23	MAY-23	JUL-23	AUG-23	SEP-23	OCT-23	DEC-23	JAN-24	MAR-24	TREND		
421.8	414.3	410.1	404.8	402.1	402.4	398.8	394.6	389.6	389.8	388.5	384.9	↑		
<b>WEEK AGO</b>														
403.0	401.5	399.1	395.8	395.2	396.5	394.3	391.0	386.6	386.7	385.6	382.2			

<b>*NEW PA MILK MARGIN &amp; IOFC-LATEST PSU VALUES - *JULY 2022</b>							<b>CME DAIRY CASH-SETTLED FUTURES (\$/LB) 10/12/22</b>							
FEED =	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT MILK)	OCT	NOV	DEC	JAN23	FEB23	MAR23	APR23	SPOT CASH	TREND		
*JULY (estimated)	\$9.85↑	\$12.71↓	\$20.10↓	NFDM	1.570	1.535	1.502	1.510	1.510	1.515	1.520	↓	1.5250↓	
IOFC =	PREV MO	9.07	13.98	20.78	WHEY	0.460	0.460	0.459	0.460	0.475	0.480	0.475	↓	0.4100↓
\$/COW	YR AGO	8.46	7.53	10.04	BUTTER	3.170	3.016	2.697	2.589	2.510	2.500	2.490	↑	3.1850↑
Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price				WHEY	2.177	2.117	2.082	2.038	2.041	2.064	2.070	↓	See Below	
							CME SPOT CHEESE: BARRELS 2.2000 / 40 LB BLOCKS 2.0525 ↓ / ↑							

<b>*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)</b>																						
CL I ADV	CL I	CL II	CL III	CL IV	ALL-MILK-U.S.	ALL-MILK-PA	<b>WEIGHTED AVG. 4-WK SEP 1-30, 2022</b>					<b>*SEP 2022 COMPONENTS</b>										
22.71	(OCT)	*26.51	(SEP)	*19.82	(SEP)	*24.63	(AUG)	3.93F	*26.20	(AUG)	↓	3.83F	*PROT	1.8847	↓							
<b>MONTH AGO</b>																						
23.62	26.91	20.10	24.81	25.70	3.91F	26.80	3.85F	<b>YEAR AGO</b>														
17.08	16.89	16.53	16.35	17.60	3.88F	18.40	3.84F	*CHEESE	1.8847	0.2003	1.6844	↓	*B.FAT	3.5653	↑							
								*BUTTER	3.1156	0.1715	2.9440	↑	*N.FAT	1.3984	↓							
								*NFDM	1.5803	0.1678	1.4125	↓	*OTHER	0.2998	↓							
								*DRYWHEY	0.4902	0.1991	0.2911	↓										

<b>CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. Oct. 14, 2022 sale New Holland, PA)</b>												
COWS: Fresh			Bred	Springing	*HEIFERS: Bred	Springing	Beefx	Open:	300-600 lbs	600-900 lbs	900-1300 lbs	BULLS(900+ lbs)
1460	1100	1560	1270	1545	1500	600	N/A	625	N/A	1000	985	
<b>TWO WEEKS AGO COMPARISON</b>												
1325	1230	1400	N/A	1400	N/A	465	N/A	750	N/A	N/A	N/A	
<b>FED HOLSTEIN STEERS (\$/CWT LIVELINE)</b>												
Choice & Prime 1250-1550 lbs light test					115.60	WEEK AGO		110.35	98.25	↑		
<b>BULL CALVES:</b>												
No. 1 & 2, 90-130 lbs		100.00	295.00	120.00	225	75.00	↓					
70-85 lbs		100.00	N/A	82.00	200	55.00	↑					

<b>Premium White</b>				<b>Breakers</b>				<b>Boners</b>				<b>Lean</b>			
81.50				76.00				70.25				↑			
<b>WEEK AGO</b>				<b>YEAR AGO</b>											
N/A				86.00				77.85				69.10			
N/A				70.85				55.50				46.60			

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