CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — OCT. 16, 2024 — except where noted

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On the markets: In mid-September the U.S. dairy markets were riding high. CME spot cheddar barrel prices were climbing toward record highs, and blocks were trading at historically elevated levels. Butter was sitting above the $3 per pound mark, while the nonfat dry milk market was pushing toward the highest levels in two years.

But what a difference 30 days and the flip of a calendar makes. Though the holiday season is fast approaching, the combination of high prices and more abundant fresh supply appears to have taken some of the fear-of-scarcity premium out of the market. Take the cheese market. Buyers seemed less willing to load up at $2.25+ per pound, pushing back orders where possible at the same time milk seemed to be bouncing back in some key cheese-producing regions. The timing of the butter decline – back to the lowest levels since January – is a bit more of a head scratcher. However, continued reports of more than abundant butter and cream supply heading into the fourth quarter may have been the final straw over the camel's back.

That was the past 30 days. What might we expect as the calendar ticks closer to 2025? Supply-side worries are still sitting in the driver's seat. Though milk production has bounced back in some regions hit hard by avian influenza, continued spread throughout California has market participants on edge. Another thing to expect in the next 30 days is more talk about the new cheese plant capacity starting up. Though plants will not be running full steam ahead on day one, chatter about cheese production at new or expanded facilities could impact market psychology if not supply dynamics. What about the butter market? As we push closer to the holiday season, supply chatter will be focused on whether the right product is in the right hands at the right time.

But what about the demand side of the equation? Domestic demand is still just okay heading in the holidays. Americans are not especially flush with cash, and value continues to speak loudly. Good promotional activity has been key to giving sales a boost. The big question now: Can retailers and foodservice operators keep up the promotions? For butter, we've already picked up that recent lower prices may help add to planned promotions for the holidays. But the recent higher cheese prices may stifle some.

The export market remains a source of strength for U.S. cheese sellers. High European cheese prices are reportedly stirring up more opportunities for contestable markets like Asia and the Middle East. Though early 2024's record high cheese export figures may be tough to beat, a steady flow of product into the international market could help to alleviate the pressure of new cheese plant capacity – particularly in early 2025. Plus, with cheese prices off the highs, will we see more cheese move into the export market before the year ends as well?

In our estimation, there's a tremendous amount of uncertainty swirling as we round the corner to 2025. At this point, it's tough to know how the supply situation will land over the next several weeks. And holiday demand expectations are far from straightforward. However, this uncertainty is creating some good opportunities for producers to manage risk into 2025. First half futures prices for both Class III and Class IV are trading above $19 per hundredweight. That means that producers looking to manage milk price via the Dairy Revenue Protection program or forward contracting programs can do so near historically high levels.

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.

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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 — OCT. 16, 2024 AT THE CLOSE

CLASS III MILK FUTURES ($/CWT) vs. wk ago: *Oct-Nov24 down $0.05; Dec24-Mar25 up $0.30-0.60; Apr-Sep25 up $0.10-0.20.* *12-Month Avg.* **20.14↑↑**

CLASS IV MILK FUTURES ($/CWT) vs. wk ago: *Oct24-Jan25 firm to $0.25 higher, except Aug-Sep25 down $0.05.* *12-Month Avg.* **21.25↑↑**

	OCT-24	NOV-24	DEC-24	JAN-25	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	JUL-25	AUG-25	SEP-25	TREND
Class III	22.55	21.13	21.21	20.59	20.08	19.79	19.50	19.32	19.32	19.32	19.38	19.54	↑↑
Class IV	21.10	21.15	21.00	21.12	21.10	21.28	21.18	21.40	21.40	21.40	21.40	21.45	↑↑

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	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	19.27 18.75
Class III	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	17.60 17.60
BASIS	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`	1.67 1.15

CORN FUTURES ($/BU)

DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	MAR-26	MAY-26	JUL-26	SEP-26	DEC-26	JUL-27	TREND
4.056	4.212	4.294	4.344	4.310	4.390	4.496	N/A	N/A	N/A	4.462	N/A	↓↓

SOYMEAL FUTURES ($/TON)

DEC-24	JAN-25	MAR-25	MAY-25	JUL-25	AUG-25	SEP-25	OCT-25	DEC-25	JAN-26	MAR-26	MAY-26	TREND
315.4	313.3	313.7	316.0	319.0	319.8	319.5	318.5	321.4	N/A	N/A	N/A	↓↓

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

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	*SEP-24
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	*199.57 ↑↑

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

DMC	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	*AUG-24	
	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	*13.72	↑↑
ALL MILK	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	23.60	↑↑
FEED $	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	9.88	↓↓

DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction ($/LB) 10/15/24

Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to $/LB

NEXT GDT AUCTION 11/05/24

ALL-PRODUCT INDEX	↓↓ 0.3%		SKIM POWDER (SMP)	1.2454 ↓↓	1.8%
MILKFAT (AMF)	3.2799 ↑↑	0.3%	BUTTER	2.9469 ↓↓	0.3%
BUTTERMILK POWDER	N/A	N/A	CHEDDAR(BULK)	2.1333 ↑↑	4.2%
LACTOSE	0.4060 ↓↓	5.8%	MOZZARELLA (BULK)	2.0685 ↓↓	8.2%
			WHOLE POWDER (WMP)	1.6120	NC

U.S. CME SPOT DAILY ($/LB) 10/16/24

	Prev. 5 day Lds	Spot price	Weekly Avg
NFDM	20	1.3500 ↓↓	1.3517 ↓↓
BUTTER	189	2.6350 ↓↓	2.6217 ↓↓
CHEDDAR-40	29	1.9425 ↑↑	1.9200 ↑↑
CHEDDAR-500	10	1.9300 ↑↑	1.8888 ↑↑
DRY WHEY	14	0.5950 ↓↓	0.5958 ↓↓

U.S. WEEKLY USDA NDPSR ($/LB) WK ENDING 10/05/24*

FMMO PROD	MIL. LBS	WTED AVG $
NFDM	17.5	1.3328 ↑↑
BUTTER	4.8	2.9008 ↓↓
CHEESE-40	10.2	2.2578 ↓↓
CHEESE-500	12.5	2.5138 ↑↑
DRY WHEY	7.1	0.5461 ↑↑

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

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)	22.40 (SEP)	23.34 (SEP)	22.29 (SEP)	23.60 (AUG) ↑↑ 4.09F	24.10 (JUL) ↑↑ 4.00F
MONTH AGO					
21.60	22.05	20.66	21.58	22.80 4.07F	23.10 3.95F
YEAR AGO					
19.47	19.98	18.39	19.09	19.60 4.00F	20.10 3.95F

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

WEIGHTED AVG. 4-WK SEPT. 1-30, 2024

PRODUCT	VALUE	MAKE ALLOW	NET	
CHEESE	2.2882	0.2003	2.0879	↑↑
BUTTER	3.1537	0.1715	2.9822	↑↑
NFDM	1.2899	0.1678	1.1221	↑↑
DRYWHEY	0.5321	0.1991	0.3330	↑↑

SEPT. 2024

COMPONENTS	
PROT	2.9249 ↑↑
B.FAT	3.6114 ↑↑
N.FAT	1.1109 ↑↑
OTHER	0.3430 ↑↑

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

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

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

	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	*SEP-24
Bred Cows & Heifers	1540	1500	1741	2108	N/A	1635	N/A	N/A	N/A	2115	2016	N/A	N/A	*2800
Milking Cows	1634	1643	1830	1988	N/A	1792	N/A	N/A	2120	2254	1624	N/A	N/A	*2800

CATTLE - DAIRY PURPOSES($/HD) USDA and other East and Midwest auction reports combined 4-week rolling average as of SEPT. 30, 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

PA Auction Markets Oct. 10-15, 2024

CULL MARKET COWS ($/CWT LIVEWEIGHT

Price averages do not include lower-end 'common'

Average to high dressing

Premium White	Breakers	Boners	Lean
	128.00 ↓↓	122.25 ↓↓	106.75 ↓↓
WEEK AGO			
N/A	129.50	124.25	108.50
YEAR AGO			
N/A	103.85	94.10	83.85

	Holstein	Beef-X-Dairy	WK AGO		YR AGO	
FED STEERS ($/CWT LIVE) Choice & Prime 1250-1550 lb	165.50 ↑↑	NO TEST	156.25	NO TEST	137.25	N/A
BULL CALVES: No. 1 & 2, 90-130 lbs	550.00 ↑↑	810.00 ↓↓	500.00	850.00	310.00	750.00
70-85 lbs	550.00 ↑↑	900.00 ↓↓	475.00	980.00	355.00	775.00