CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — **NOV. 21, 2023** — except where noted

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A shifting milk supply: Dairy farm families are seeing an improvement in their milk checks right now over the devasting low prices they received this summer. September's all-milk price was announced at $21 per hundredweight, up nearly $4 from July's low of $17.40. October's all-milk price is expected to continue to increase, with the October Class IV price at $21.49 per cwt., the highest this year. Unfortunately, the Class III price fell back in October, dropping $1.55 from September to $16.84 per cwt. Looking ahead, Class IV milk futures prices average $19.26 per cwt for the next six months, while Class III milk futures prices average $17.12 per cwt, based on settlement quotes from November 20.

While these prices are not the nearly record highs we received in 2022, they are a welcomed improvement after working through the very tight margins we saw in June and July. Several factors are weighing into the marketplace right now. On the supply side, U.S. milk production has been down for the last four months after six months of growth in the first half of 2023. October's milk production was down 0.5% to 18.71 billion pounds, with a 1-pound decrease in milk production per cow for the month and 42,000 fewer milking cows in the nation's herd than there were a year ago.

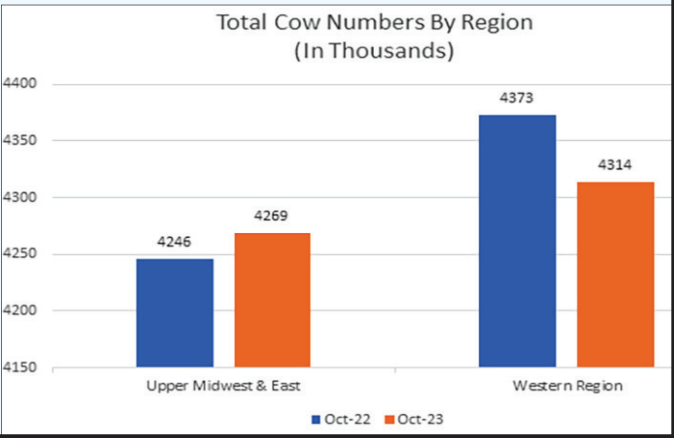
When you look at what is happening with our nation's milk supply right now, you'll see a steady shift from the Southwest and West to the Upper Midwest and Eastern regions. Year-over-year growth on the western side of the Mississippi was strong historically from 2016 – 2021. However, in the past year, that tide has started to change, with extreme heat and concerns over water supplies causing that region to falter. California, the largest dairy state in the U.S., saw milk production fall 2.6% in October year-over-year, while New Mexico's milk production fell 9%. Oregon's milk production was also down 4.1%, while other western states had more modest declines. Collectively, the western region of the U.S. lost 59,000 head in the past year, with Arizona the only state in that region to show a significant increase in milk production.

On the flipside, growth in the Central Plains/Upper Midwest into the East is strong. South Dakota showed the most growth in October, with 13,000 more cows and 6.6% more total milk production.

Florida was also up 6.2%, although the southern state's total milk production only puts them at 22nd in terms of total milk production by state. Michigan and New York saw the most growth out of the top-8 dairy producing states, increasing 2.6 and 2.1%, respectively. Collectively, the states in the Midwest and East had 23,000 more milk cows and 1% more total milk production in October than they did a year ago.

This shift in milk production from west to east is helping to contribute to the spread we are seeing right now in the Class III and Class IV milk prices. Much of the nation's butter and powder supply is produced in the western part of the country, while much of the cheese is produced in the Upper Midwest. Class III prices are driven by cheese and whey production, while Class IV prices are driven by butter and powder production. With supplies tighter in California and surrounding areas, Class IV prices remained stronger while Class III prices have weakened through the summer and fall.

Top 24 Milk Producing States and Year-over-Year Production Change:



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 — NOV. 21, 2023 AT THE CLOSE

*AVG = Average basis for North-East and Mid-East. *MARGIN = Milk Price over Feed Cost per cwt. YELLOW = payment triggered

	NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	TREND
CLASS III MILK FUTURES ($/CWT) vs. wk ago: *Nov23 up $.02, Dec23-Feb24 fully $1 lower, Mar-Jul24 dn $0.25-0.50, Aug-Oct24 firm to $0.10 higher.* **12-Month Avg.** 17.84 ⇊													
	17.12	16.40	16.52	17.05	17.71	17.90	18.09	18.26	18.42	18.64	18.74	18.79	⇊
CLASS IV MILK FUTURES ($/CWT) vs. wk ago: *Nov23 firm, Dec23-Mar24 dn $0.25-0.50, Apr-Jul24 weak-$0.10 lower, Aug-Oct24 firm-$0.07 higher.* **12-Month Avg.** 19.49 ⇊													
	20.60	19.04	18.65	18.87	19.03	19.29	19.49	19.53	19.69	19.81	19.94	19.97	⇊
CLASS III MILK ($/CWT) **OPTIONS — PUTS — Daily Strike Price** / Premium													
	17.00 0.01	**16.50** 0.30	**16.50** 0.50	**17.00** 0.68	**17.75** 0.87	**18.00** 0.95	**18.00** 0.96	**18.25** 1.04	**18.50** 1.11	**18.75** 1.22	**18.75** 1.20	**18.75** 1.21	
MILK BASIS ($/CWT) — **2017-22 PA BASIS AND AVG PA/NY/VT/OH** — ***YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)***													
PA	0.60	0.79	1.17	0.62	1.53	2.29	1.82	1.58	0.99	1.03	0.95	0.79	
*AVG	0.74	1.38	0.85	1.67	2.55	2.15	1.66	1.45	1.25	1.31	1.15	0.69	

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	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	AUG-23	*SEP-23	
	9.92	8.08	8.62	10.71	10.89	9.76	7.94	6.19	6.08	5.84	4.83	3.65	3.52	6.46	*8.44	⇈

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

	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	AUG-23	SEP-23	*OCT-23	
Hay	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	243.50	238.50	*217.82	⇊
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) *per head as reported by USDA Monthly National Dairy Comprehensive Report*	1350	1407	1265	1310	1290	1300	1250	1352	1342	1330	1400	1559	1502	1540	1500	*1741	⇈
U.S. AVG. FRESH COWS *per head as reported by USDA Monthly National Dairy Comprehensive Report*	1571	1417	1384	1701	1526	1531	1436	1487	1493	1544	1469	1792	1615	1634	1643	*1830	⇈

CORN FUTURES ($/BU)

	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	JUL-26	TREND
Current	4.694	4.874	4.976	5.060	5.074	5.124	5.226	5.272	5.264	5.100	5.076	5.244	⇊
WEEK AGO	4.782	4.942	5.036	5.120	5.124	5.180	5.284	5.330	5.322	5.142	5.104	5.270	

SOYMEAL FUTURES ($/TON)

	DEC-23	JAN-24	MAR-24	MAY-24	JUL-24	AUG-24	SEP-24	OCT-24	DEC-24	JAN-25	MAR-25	MAY-25	TREND
Current	460.2	443.3	430.1	420.2	417.3	412.9	406.9	399.7	400.6	399.0	394.5	392.4	⇊
WEEK AGO	473.6	455.6	440.9	429.5	425.4	419.4	412.0	403.7	404.7	403.2	398.7	396.5	

PA MILK MARGIN & IOFC–LATEST PSU VALUES - *AUG. 2023

*=NEW. FEED = $/CWT. IOFC = $/COW

	FEED COST ($/CWT milk)	IOFC ($/COW @ 75 lbs milk)	PA MILK MARGIN ($/CWT milk)
*AUG (estimated)	*8.84⇊	*8.14⇈	*14.78⇈
PREV MO	9.16	6.18	13.05
YR AGO	9.38	12.61	219.65

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

CME DAIRY CASH-SETTLED FUTURES ($/LB) 11/21/23

	NOV23	DEC23	JAN24	FEB24	MAR24	APR24	MAY24	TREND	SPOT CASH 11/21/23
NFDM	1.187	1.190	1.207	1.227	1.246	1.267	1.290	⇊	1.1725⇊
WHEY	0.376	0.397	0.420	0.420	0.429	0.444	0.460	*Mixed*	0.3975⇊
BUTTER	2.949	2.530	2.458	2.465	2.475	2.480	2.482	*Mixed*	2.5300⇊
CHEESE	1.744	1.678	1.689	1.738	1.800	1.821	1.836	⇊	*See Below*

CME SPOT CHEESE: BARRELS 1.4950 / 40 LB BLOCKS 1.5900 ⇊ / ⇊

**USDA JUL-23 NEW*

	ALL-MILK	BF	*MAILBOX
*FL	$22.70	3.74	$21.06
*SE	$22.00	3.77	$19.91
*APP	$21.60	3.84	$19.37
*N.ENG	$19.20	3.97	$18.59
*NY	$18.80	3.94	$18.23
*PAeast	$18.70	3.92	$18.07
*WA/OR	$19.60	4.07	$17.50
*IN	$18.30	3.84	$17.16
*OH	$20.30	4.12	$17.15
*PAwestern PA only			$17.14
*MO	N/A	N/A	$16.68
*IL	$17.30	3.95	$16.61
*U.S.	$17.40	3.98	$16.61
*CA	$18.00	3.83	$16.55
*MI	$17.10	3.92	$15.90
*TX	$17.00	4.03	$15.49
*MN	$15.70	4.17	$15.34
*NE/KS	$16.10	4.08	$15.34
*WI	$15.50	3.94	$15.32
*IA	$14.80	4.04	$15.03
*NM	$15.70	3.78	$14.46

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

	CL I ADV⇈	CL II⇈	CL III⇈	CL IV ⇈	ALL-MILK-U.S	ALL-MILK-PA
Current	19.75(NOV)	21.95(OCT)	16.84(OCT)	21.49(OCT)	21.00(SEP)⇈ 4.08F	21.50(SEP)⇈ 4.01F
MONTH AGO	19.47	19.98	18.39	19.09	19.70 4.00F	20.20 3.95F
YEAR AGO	24.09	25.73	21.81	24.96	24.10 4.01F	26.10 3.97F

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

WEIGHTED AVG. 4-WK OCT. 1-28, 2023

PRODUCT	VALUE	MAKE ALLOW	NET	
CHEESE	1.7390	0.2003	1.5387	⇊
BUTTER	3.2387	0.1715	3.0672	⇨
NFDM	1.1558	0.1678	0.9800	⇈
DRYWHEY	0.3198	0.1991	0.1207	⇈

OCT 2023 COMPONENTS

PROT	1.0468⇊
B.FAT	3.7144⇈
N.FAT	0.9781⇈
OTHER	0.1243⇈

CATTLE - DAIRY PURPOSES($/HD) NO REPORT SINCE Oct. 25, 2023 New Holland PA) *Receipts double vs. year ago: 33% Fresh/Milking Cows, 3% Bred Cows, 6% Springer Cows, 13% Bred Heifers, 7% Springers, 38% Open. Fresh and Springing cows $300 below the high point three weeks prior. Bred cows and all heifer classes generally steady to mixed.*

	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	1590	1585	1625	1700	1690	625	750	1375	N/A
THREE PRIOR	1925	1675	2340	1660	1725	785	975	1200	N/A

PA Auction Markets Nov. 16-21, 2023

CULL MARKET COWS ($/CWT LIVEWEIGHT

Price averages do not include lower-end 'common'. Average to high dressing

	Premium White	Breakers	Boners	Lean
Current		98.75⇈	93.60⇈	89.60⇈
WEEK AGO	N/A	98.00	85.50	76.50
YEAR AGO	N/A	82.35	72.75	68.50

FED HOLSTEIN STEERS ($/CWT LIVEWEIGHT)	CURRENT	Beef X	WEEK AGO		YR AGO	
Choice & Prime 1250-1550 lbs light test	147.00(ltd)		147.50		116.10	⇊
BULL CALVES: No. 1 & 2, 90-130 lbs	400.00	650.00	385.00	650.00	140.00	⇈
70-85 lbs	385.00	650.00	385.00	700.00	135.00	NC

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