

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — DEC. 5, 2023 — except where noted



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DMC and 2024 Projections: USDA announced the October margin under the Dairy Margin Coverage Program at \$9.44 per hundredweight, just six cents under the maximum \$9.50 margin coverage level. It's up 10 cents from September's margin and the highest this year. It is still \$1.27 below margins from a year ago and will result in an indemnity payment of just over \$47 per one million pounds of production history. Looking ahead for the last two months of the year, the DMC margin is expected to continue to increase in November above the \$9.50 level before falling to below \$8.90 per cwt in December.

The October all-milk price was announced at \$21.60 per cwt., up about 60 cents from last month. Corn prices were down 28 cents per bushel, while the cost of premium alfalfa hay fell 10 per ton. Soybean meal prices were the only piece in the feed cost formula that was up, increasing about \$5 to \$416.16 per ton. Total feed costs per one hundred pounds of milk were announced at \$12.16, down 50 cents from September's feed costs and more than \$3 below year-ago feed costs levels.

While 6 cents does not sound like a lot, it is on top of indemnity payments that came in the first nine months of the year. Year to date, the net benefit of the DMC Program to those covered at the \$9.50 level is \$2.41 per hundredweight, after the 15-cent premium is deducted off the total and after sequestration. That is just over \$24,000 per one million pounds of production history, or nearly \$121,000 for those covered at the maximum 5-million-pound coverage level for Tier 1. If you stack that on top of the indemnity payments the program has provided to those at the \$9.50 level in the previous four years, the program has yielded nearly \$58,000 per one million pounds of coverage in the five years of its existence.

Looking ahead at futures prices, Class III and Class IV milk prices are expected to stay similar to where they are now. With the December 4 settlement prices, Class III is expected to average \$18.14 per cwt., up \$1 from 2023 and just above the five-year average. Class IV prices are expected to average \$19.57 per cwt., up about 50 cents from 2023 and more than \$2 above the five-year average.

The latest USDA World Agricultural Supply and Demand Estimates

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.

report is also projecting the all-milk price to rebound in 2024, with the current estimate up just 25 cents from 2023. Milk production is expected to grow in 2024, after dipping below year-ago levels in the past couple of months. USDA is projecting that 2024 total milk production will be up about 1.2 percent from 2023.

Much of the projected rise is expected to come from an increase in milk production per cow. USDA's Livestock Slaughter report points to continued contraction in the US dairy herd, which is already down 42,000 head from a year ago. Dairy cow slaughter was up 3,000 head from September to 243,000 head in October, down 9,000 head from a year ago. Year to date dairy cow slaughter is at 2.621 billion head, up 3.5 percent from a year ago.

Feed costs are expected to continue to moderate. The Supply and Demand Estimates report is projecting soybean meal prices at about \$380 per ton, down \$70 from this year's average. While soybean stocks are ending 2023 on the tighter side, USDA is projecting stocks to grow by about 25 million bushels in 2024. Corn prices are expected to average about \$4.85 per bushel in 2024, down more than \$1.25 from levels seen earlier this year. Ending corn stocks are projected to be at 2.156 billion bushels by the end of next season, up almost 800 million bushels from this year's ending stock levels.

Estimated 2023 DMC Net Benefit	
Total Benefit for the year	\$2.72
Benefit after sequestration	\$2.56
Net Benefit after Premium	\$2.41
Net Benefit per 1 M lbs at \$9.50	\$24,026.02
Net Benefit for 5 M lbs at \$9.50	\$120,530.13

CME DAILY FUTURES & OPTIONS TRADING — DEC. 5, 2023 AT THE CLOSE

	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	TREND											
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Dec23-Mar24 fully \$0.10-0.30 higher, except January up \$0.60.	16.32	16.80	17.02	17.58	17.98	18.25	18.47	18.60	18.65	18.74	18.76	18.73	12-Month Avg. 17.99 ↑↑											
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Dec23 up \$0.20, rest of board steady, except Jan down \$0.10, Apr and Jul-Nov24 up \$0.05-0.15	19.25	19.14	19.15	19.22	19.42	19.52	19.65	19.86	19.95	19.97	20.11	19.95	12-Month Avg. 19.60 ↓↓											
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	16.25	0.09	17.00	0.56	17.25	0.76	17.75	0.85	18.00	0.90	18.25	1.01	18.50	1.09	18.50	1.09	18.75	1.24	18.75	1.24	18.75	1.23	18.75	1.31
MILK BASIS (\$/CWT) — 2017-22 PA BASIS AND AVG PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA	0.79	1.17	0.62	1.53	2.29	1.82	1.58	0.99	1.03	0.95	0.79	0.60											
*AVG YELLOW	1.38	0.85	1.67	2.55	2.15	1.66	1.45	1.25	1.31	1.15	0.69	0.74												
DMC OFFICIAL GROSS MARGINS 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	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	TREND							
		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	*9.44	↑↑							

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	TREND
	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
	4.684	4.904	5.020	5.102	5.106	5.156	5.262	5.306	5.312	5.312	5.100	5.264	↑↑
WEEK AGO													
	4.496	4.756	4.884	4.982	5.010	5.076	5.184	5.234	5.240	5.094	5.076	5.242	

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
	433.7	417.8	404.0	399.3	399.1	395.7	391.2	385.5	387.1	386.1	383.0	381.6	↓↓
WEEK AGO													
	444.3	427.0	416.9	409.6	407.6	403.4	398.3	392.5	393.9	392.8	388.8	386.9	

PA MILK MARGIN & IOFC-LATEST PSU VALUES - *AUG. 2023	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	CME DAIRY CASH-SETTLED FUTURES (\$/LB) 12/05/23	SPOT CASH 12/05/23	TREND							
*AUG (estimated)	*8.84	*8.14	*14.78	NFDM 1.202	1.215	1.225	1.244	1.270	1.293	1.306	Mixed	1.1650	↓↓
PREV MO	9.16	6.18	13.05	WHEY 0.418	0.420	0.430	0.436	0.435	0.460	0.470	↑↑	0.4000	↑↑
YR AGO	9.38	12.61	219.65	BUTTER 2.630	2.565	2.577	2.565	2.525	2.540	2.530	↑↑	2.6700	↑↑
Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price				CHEESE 1.651	1.702	1.725	1.777	1.818	1.845	1.852	↑↑	See Below	
				CME SPOT CHEESE: BARRELS 1.6000 / 40 LB BLOCKS 1.6000		↑↑ / ↑↑							

*USDA AUG-23 NEW	*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW
ALL-MILK BF MAILBOX	*CL I ADV↑↑ *CL II ↓↓ *CL III ↑↑ *CL IV ↓↓ *ALL-MILK-U.S. *ALL-MILK-PA	WEIGHTED AVG. 4-WK NOV. 1-25, 2023
FL \$22.80 3.80 \$21.32	*19.76(DEC) *21.21(NOV) 17.15(NOV) *20.87(NOV) *21.60(OCT)↑↑ *22.80(OCT)↑↑	NOV. 2023 COMPONENTS
APP \$22.30 3.83 \$21.21		PRODUCT VALUE MAKEALLOW NET
SE \$22.20 3.77 \$20.31		*CHEESE 1.7421 0.2003 1.5418 ↑↑ *PROT 1.3238 ↑↑
NY \$20.90 4.04 \$20.13		*BUTTER 3.0293 0.1715 2.8578 ↓↓ *B.FAT 3.4608 ↓↓
NE \$20.50 3.98 \$19.76		*NFDM 1.1860 0.1678 1.0182 ↑↑ *N.FAT 1.0080 ↑↑
PR \$20.20 3.95 \$19.44		*DRYWHEY 0.3831 0.1991 0.1840 ↑↑ *OTHER 0.1895 ↑↑
CA \$19.50 4.03 \$19.29		
OH \$20.10 3.90 \$19.16		
WV \$21.60 4.11 \$19.07		
U.S. \$19.70 4.00 \$18.95		
*Western PA only \$18.88		
MN \$19.40 4.19 \$18.88		
IN \$19.70 3.86 \$18.83		
IL \$19.50 3.94 \$18.74		
MO N/A N/A \$18.66		
TX \$19.20 3.97 \$18.28		
WI \$19.90 4.01 \$18.23		
IA \$19.20 4.13 \$18.15		
MI \$19.10 3.96 \$18.02		
NE \$18.00 4.02 \$17.38		
NM \$17.80 3.79 \$16.35		

CATTLE - DAIRY PURPOSES (\$/HD) NOV. 29, 2023, New Holland PA) Receipts up slightly from a year ago, but over half (53%) were open and bred heifers selling generally steady compared to one month ago while 30% of receipts were fresh/milking cows and 9% springer heifers, with both of those classes selling \$300-500 higher than a month ago.	COWS: Fresh Bred Springing	HEIFERS: Bred Springing	Beef x Open: 300-600 lbs	Beef x 600-900 lbs	Beef x 900-1100 lbs	BULLS (800-1300 lbs)
	2075	1600	2125	1650	2100	1150
MONTH PRIOR						
	1590	1585	1625	1700	1690	625
						750
						1375
						N/A

PA Auction Markets Nov. 30-Dec. 5, 2023	FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)	CURRENT Beef X	WEEK AGO	YR AGO
CULL MARKET COWS (\$/CWT LIVELWEIGHT)	Choice & Prime 1250-1550 lbs light test	150.00(Itd)	148.00	122.00
Premium White Breakers Boners Lean	BULL CALVES: No. 1 & 2, 90-130 lbs	300.00 600.00	400.00 650.00	115.00
	70-85 lbs	335.00 600.00	385.00 650.00	110.00

brought to you by:

Average to high dressing

	WEEK AGO	YR AGO
PA Auction Markets Nov. 30-Dec. 5, 2023	N/A	N/A
CULL MARKET COWS (\$/CWT LIVELWEIGHT)	98.25	89.00
Premium White Breakers Boners Lean	90.85	83.25
	78.25	66.60