<u>CDE DAIRY MARKETS & MANAGEMENT UPDATE</u>

- JAN. 31, 2024 -except where noted

Milk production flat, prices rally: Class III and IV milk futures prices saw their first significant rally this year coming off the heels of a lackluster USDA Milk Production Report that showed total milk production was essentially flat in the U.S. in 2023. For the month of December, total milk production was down 0.3% from a year ago to 18.843 billion pounds. Total cow numbers fell 39,000 head year over year to 9.357 million head in the U.S. in December. Milk production per cow for the month was up just 1 pound at 2,030 pounds.

Cow numbers in the nation's dairy herd are now at their lowest level since June 2020. The nation's dairy herd continues its gradual shift from the western region to the Midwest and East. States in the western region of the country lost 51,000 cows year over year, based on December's report. States in the Midwest gained 29,000 head, and states in the East were up 4,000 head. Pennsylvania's dairy herd stayed flat year over year at 465,000 head, falling 1,000 head from last month's report.

Looking at the top eight dairy producing states showed mixed results. California's total milk production was down 1% in December, while Wisconsin's total milk production was up 0.5%. Idaho's milk production was down 0.7%, while New York was up 1.4%. Texas' milk production fell 0.7% year over year, while Michigan was up 0.9%. Minnesota's production was down 1.4%, while Pennsylvania's total milk production was down 0.8%.

The nation's dairy herd produces 226.551 billion pounds in 2023, with an average of 24,114 pounds per cow. Annually, both total milk production and milk production per cow was flat from a year ago. Annual cow numbers in the nation's herd fell just 7,000 head, with the USDA report adjusting milk production and herd size figures for previous months back to April. Essentially, however, the report confirmed a gradual trend toward increasing milk production in the first half of 2023 followed by decreasing production in the last half of the year. The declining milk production hasn't contributed to declining cheese inventories.

In the latest USDA Cold Storage year-end report, cheese stocks were at 1.443 billion pounds, up 5.9 million pounds from November





but down 0.2% from a year ago. American-style cheese inventories, including Cheddar, were up 1.5% from a year ago to 837.8 million pounds, while other type cheese inventories were down 2.1% from a year ago to 583.6 million pounds. Butter inventories were down 13 million pounds from November to December, representing the largest month-to-month decline for this time of year since 2004. A total of 199.53 million pounds of butter was held in storage at the end of December, 7.8% less than a year ago.

The CME futures market showed strength last week in dairy commodity prices, pulling up both Class III and Class IV prices. Class III milk futures prices for the first six months of 2024 increased about 45 cents from a week ago to an average of \$16.86 per hundredweight. CME Class IV futures prices for the next six months increased an average of about 65 cents to \$19.89 per cwt. Still, the January Class III price is set to fall off the CME board this week at nearly a dollar below where it was in December. The January Class III futures price is currently at \$15.20 per cwt., while Class IV is sitting at \$19.25 per cwt. As a comparison, the USDA announced Class III price was \$16.04 for December.

If you're looking at risk management strategies for 2024, you'll have to wait a little while longer to leverage the USDA Dairy Margin Coverage Program. Late last fall, USDA announced an extension of the existing Farm Bill through Sept. 30, 2024, which would allow for the DMC program authorized under this Farm Bill to be extended through the calendar year of 2024. However, details on the 2024 enrollment process have yet to be announced. Last week USDA sent out a notice that they are updating their DMC software. Current expectations are that enrollment may open in February or March, with any

Prices The m	change daily. arket data bel	This market inf ow are compile	ormation is a d weekly by	an example for e Farmshine, via (ducational pur CME & USDA	poses. reports.	payments retroactive to January's milk.						
*AVG =			CME	DAILY FUT	URES &	OPTIONS	TRADING	— JAN	. 31, 202	4 AT THE	CLOSE		
Average basis for	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	DEC-24	TREND
North- East and	15 20	LK FUTURES (\$/0	CWT) vs. wk ag 16.91	go: Feb-Apr \$0	0.50-1.00 hig 17.63	gher, May-No 17.91	ov \$0.15-0.45 18.08	higher, Dec	c fully steady. 18.35	18.32	18.31	12-Month Av	vg. 17.52 ^{††}
Mid-East							n-Nov fully \$0.5					10.00 12-Month Av	
*MARGIN = Milk	19.25	19.76	19.92	19.99	20.20	20.35	20.50	20.70	20.88	20.87	20.72	20.20	11
Price over							rice / Premiun		40.05	: 0.4 40 DE	40.05	40 00	
Feed							.92 18.00 0.89 ' VT/OH —						
Cost per cwt.	PA 1.17	7 0.62	1.53	2.29	1.82	1.58	0.99	1.03	0.95	0.79	0.60	0.79	33 3)
ÝELLOW =		5 1.67	2.55	2.15	1.66	1.45	1.25 bean, feed for AL	1.31	1.15	0.69	0.74	1.38	is food onet
payment triggered	DMC SEP-	22 OCT-22	NOV-22	DEC-22 JAI	N-23 FEB-	8-23 MAR-2	23 APR-23	MAY-23	JUN-23 JUI	L-23 AUG-2	23 SEP-23	OCT-23 *N	NOV-23
lilyyereu	U.S. AVG PR					19 6.08 6.08 6.08 6.08 6.08	8 5.84 ISDA Monthly Na	4.83 lational Dain		3.52 6.46 sive Report	6 8.44	9.44 *	*9.58 11
	SEP-22 O	OCT-22 NOV-	/-22 DEC-2	22 JAN-23	FEB-23 M	MAR-23 APF	R-23 MAY-23	3 JUN-23	JUL-23 AU	JG-23 SEP-2			
"							0.00 292.86 SDA Monthly Nat				.50 217.82	240.41	*231.7 ↓↓
	1265	1310 129	90 1300	0 1250	1352	1342 133	30 1400	1559		1540 1500	00 1741	2108	*N/A
	1384	1701 152	26 1531			ational Dairy (1493 154	Comprehensive 44 1469	e Report 1792	1615 1	1634 1643	13 1830	1988	*N/A
		URES (\$/B		SEP-24	DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	MAD 26 1	MAY-26	TREND
	4.482					4.914	4.970	4.990	4.872	4.882		MAT-26 1.994	IREND
W					7.000	WEEK		T.000	7.0	T.002	4.070 .	.00-	•••
	4.522			1 750	4 000			- 004	1.070	4 270		204	
The state of the s	CUAMAUS			6 4.752	4.822	4.932	4.986	5.004	4.872	4.876	4.962 4	1.994	
	SOYMEAL MAR-24	FUTURES (\$		6 4.752 AUG-24	4.822 SEP-24	4.932		5.004 JAN-25		4.876 MAY-25 J		1.994 . <mark>UG-25</mark>	TREND
18		FUTURES (\$	\$/TON)	AUG-24	SEP-24	4.932 0CT-24 361.7	4.986 DEC-24 362.6			MAY-25 J	JUL-25 Al		TREND Mixed
	MAR-24	FUTURES (\$ MAY-24	\$/TON) JUL-24	AUG-24 366.5	SEP-24	4.932 0CT-24 361.7 WEEK	4.986 DEC-24 7 362.6 (AGO	JAN-25	MAR-25	MAY-25 J 361.4	JUL-25 AU 362.8 3	UG-25	
*=NEW	MAR-24 368.3 363.3	FUTURES (\$ MAY-24 364.1 363.0 MARGIN & 10	\$/TON) JUL-24 366.6 365.8 DFC-LATES	AUG-24 366.5 365.7	SEP-24 364.8 364.6 ES - *OCT.	4.932 0CT-24 361.7 362.1 7.2023	4.986 DEC-24 7 362.6 AGO 363.6 CME DAIRY (JAN-25 362.7 363.7 CASH-SET	MAR-25 361.4 362.2	MAY-25 J 361.4 361.8 RES (\$/LB)	JUL-25 Al 362.8 3 363.0 3 01/31/24	361.0 360.9	Mixed
FEED =	368.3 363.3 PA MILK M	TUTURES (\$1 MAY-24 364.1 363.0 MARGIN & IO FEED CO (\$/CWT m	\$/TON) JUL-24 366.6 365.8 DFC-LATES DST IOF nilk) (2)	AUG-24 366.5 365.7 ST PSU VALUI FC (\$/COW 75 lbs milk)	SEP-24 364.8 364.6 ES - *OCT. PA MILK N (\$/CWT	4.932 OCT-24 361.7 WEEK, 362.1 C2023 WARGIN Tmilk)	4.986 DEC-24 7 362.6 AGO 363.6 CME DAIRY (JAN2 NFDM 1.20	JAN-25 362.7 363.7 CASH-SET 24 FEB24 00 1.220	MAR-25 361.4 362.2 TILED FUTUR MAR24 APR 1.235 1.2	MAY-25 J 361.4 361.8 RES (\$/LB) R24 MAY24 242 1.252	362.8 3 363.0 3 01/31/24 4 JUN24 JU 2 1.273 1.	360.9 SPOT C. UL24	Mixed CASH TREND 01/31/24 1.2300 NC
	368.3 363.3 PA MILK M	FUTURES (\$ MAY-24 364.1 363.0 MARGIN & IO FEED CO (\$/CWT mimated) *7.63	\$/TON) JUL-24 366.6 365.8 OFC-LATES OST IOF nilk) 314	AUG-24 366.5 365.7 ST PSU VALUI FC (\$/COW	SEP-24 364.8 364.6 ES - *0CT. PA MILK N (\$/CWT *17.	4.932 OCT-24 361.7 362.1 362.1 7.2023 MARGIN Tmilk) 1011	4.986 DEC-24 7 362.6 7 363.6 CME DAIRY NFDM 1.20 WHEY 0.43 BUTTER 2.62	JAN-25 362.7 363.7 CASH-SET 124 FEB24 124 FEB24 100 1.220 35 0.462 23 2.710	MAR-25 361.4 362.2 TILED FUTUR MAR24 APR 1.235 1.2 1.0.475 0.4 2.710 2.7	MAY-25 J 361.4 361.8 RES (\$/LB) 242 1.252 488 0.475 717 2.751	362.8 3 363.0 3 01/31/24 4 JUN24 JU 5 1.273 1 5 0.470 0. 2.760 2	361.0 360.9 3 SPOT C UL24 1.280 11 0.470 11	Mixed
FEED = \$/CWT.	MAR-24 368.3 363.3 PAMILK M *OCT. (estit PREV MC YR AGO	### TUTURES (\$1 MAY-24 364.1	\$/TON) JUL-24 366.6 365.8 DFC-LATES SST IOF nillk) @ 13 3 14 22	AUG-24 366.5 365.7 5T PSU VALUI FC (\$/COW 75 lbs milk) *11.38↑↑	SEP-24 364.8 364.6 SES - *OCT. PA MILK N (\$/CWT *17. 16. 20.	4.932 OCT-24 361.7 362.1 7.203 WARGIN Tmilk) 1011 13	4.986 DEC-24 7 362.6 AGO 363.6 CME DAIRY 0 JANZ NFDM 1.20 WHEY 0.43 BUTTER 2.62 CHEESE 1.52	JAN-25 362.7 363.7 CASH-SET 124 FEB24 100 1.220 35 0.462 23 2.710 25 1.592	362.2 TILED FUTUR MAR24 APR 1.235 1.2 1.0.475 0.4	MAY-25 J 361.4 361.8 RES (\$/LB) R24 MAY24 242 1.252 488 0.475 717 2.751 695 1.747	362.8 3 363.0 3 01/31/24 4 JUN24 JU 2 1.273 1. 0 0.470 0. 2.760 2. 7 1.775 1.	360.9 3 SPOT C 3 L 280 11 1.470 11 1.791 11	Mixed CASH TREND 01/31/24 1.2300 NC 0.4700 11 2.7650 11 See Below

CED FEDERAL ORDER PRICES

WEEK AGO

YEAR AGO

81.50

100.25

76.10

Price

Average to high dressing

N/A

N/A

CL I ADV↓ *CL II↑↑ *CL III↓↓ *CL IV ↑↑ *ALL-MILK-U.S *ALL-MILK-PA 17.99(FEB) *20.04(JAN) *15.17(JAN) *19.39(JAN) *20.60(DEC) \$\frac{1}{4}\$ *21.80(DEC) \$\frac{1}{4}\$ MONTH AGO 23.10 4.24F 18.48 19.88 16.04 19.23 21.70 4.32F YEAR AGO 19.43 21.61

95.2511

92.50

71.85

CURRENT FEDERAL ORDER VALUES (\$/LB) NEW WEIGHTED AVG. 4-WK JAN. 1 - 27, 2024 **PRODUCT** VALUE MAKEALLOW NET COMPONENTS 1.3223 ↓↓ *PROT CHEESE 1.5226 0.2003 1.1265↓↓ BUTTER 2.6294 0.1715 2.4579 ↓↓ *B.FAT 2.9765↓↓ 1.2112 0.1678 1.0434 11 *N.FAT 1.033011 *NFDM 0.2347 11 *OTHER *DRYWHEY 0.4338 0.1991 0.2417 11

CATTLE - DAIRY PURPOSES (\$/HD) JAN. 10, 2024, New Holland PA) Receipts down slightly from a year ago, but over half (58%) were fresh milking cows and springer cows and heifers 22% bred cows and heifers, 9% open heifers. Prices \$100-200 lower, except bred cows higher.

Beef x Open: 300-600 lbs Beef X 600-900 lbs Beef X 700 825 COWS: Fresh 1975 Bred **1900** Springing 1750 LTD Bred Springing 1700 1800 900-1100 lbs **N/A** BULLS(800-130 N/A HEIFERS:

70-85 lbs

2125 2100 975 1350 1600 1150 FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT) CURRENT Beef X WEEK AGO YR AGO PA Auction Markets Jan. 25-30, 2024 averages do not include lower-end 'common' Choice & Prime 1250-1550 lbs light test 152.00(Itd) 152.00 130.00 **CULL MARKET COWS** (\$/CWT LIVEWEIGHT **Premium White** Breakers Boners Lean **BULL CALVES:** No. 1 & 2, 90-130 lbs 385.00 625.00 350.00 625.00 165.00 107.00 11 101.35 11

Dairy EXCELLENCE



735.00

350.00



400.00 710.00 165.00

11