

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JULY 2, 2024 — except where noted

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**May margin and look ahead:** May's Dairy Margin Coverage (DMC) margin closed out at \$10.52 per hundredweight (cwt), \$1.02 over the \$9.50 maximum coverage level and did not trigger indemnities at any coverage level. May's margin jumped 92 cents per cwt from April's margin at \$9.60. Year-over-year, May's margin shot up from 2023, when it was at \$4.83 per cwt to \$10.52, a \$5.69 increase. May 2024's U.S. average all-milk price came in at \$22.00 per cwt, which was up \$1.50 from last month and up \$2.70 from last May.

Year-over-year, alfalfa hay price is down \$41.00 per ton from May 2023 at \$423.58 to May 2024 at \$388.65. January through May 2024 corn costs are the lowest they have been since February 2021 at \$4.75 per bushel. Soybean meal (SBM) sat at \$388.65 per ton, a \$30.97 jump from April that broke the five-consecutive-month decline from December 2023 to April 2024. However, May 2024's SBM is down \$34.93 per ton from May 2023 and \$52.63 from May 2022.

Across the board, alfalfa hay, corn, and SBM costs are up month-over-month, which resulted in total feed costs increasing 58 cents per cwt from April to May 2024. This is a significant bump from the steady decline from January 2024 at \$11.62 per cwt to April 2024 at \$10.90.

Based on the DMC Online Decision Tool (updated June 26, 2024), if margins continue to climb as forecasted, indemnities will not be triggered at any coverage levels. Based on June's Decision Tool, projected margins will increase over the coming months and peak in October at \$13.71 per cwt, up 61 cents from May's Decision Tool's projection of \$13.10. The forecasted margins then dip to \$13.58 per cwt in November and close out the year at \$13.15 in December. Previously, May 2022's margin at \$12.51 per cwt held the highest margin for the past five program years. If the projected margins for the remainder of the year hold true, August through December would surpass the previous peak margin.

From the forecast for June's DMC margin, estimated to come in at \$10.55 per cwt, feed cost projections fall to \$10.27 in Sep-

tember, then rise to \$10.48 in both November and December. Compared to program year 2023, the 2024 average projected feed costs would be \$3.37 per cwt higher. The remaining months' all-milk prices are forecasted to jump to \$22.65 per cwt in June, dip slightly into July to \$22.60, steadily increasing to \$24.06 in November, then drop to \$23.63. The remainder of program year 2024 is projected to average \$23.40. For DMC indemnities to be triggered, either the all-milk prices would have to drop, or feed costs would need to close the space between the all-milk price and the price floor.

Based on the NASS milk production report, U.S. milk production for May 2024 came in at approximately 19.7 billion pounds, down 0.9% year-over-year-over-year. 2024 production per cow averaged 2,105 pounds, down 3 pounds from a year ago. Milk cow numbers were also down from May 2023 by 68,000 head to 9.35 million head for May 2024. Pennsylvania milk production followed a similar trend with May 2024 production at 856 million pounds, down 0.9% from 2023. Milk per cow closed out the month at 1,840 pounds per cow, down 0.8% from May 2023. Milk cow numbers were down 0.2% from a year ago to May 2024 at 465,000 head.

Looking at the May NASS cold storage report, year-over-year, refrigerated warehouse-stored cheese stocks dropped 4% from May 2023 to 1.4 billion pounds in May 2024. Conversely, May 2024 butter stocks closed out at approximately 380 million pounds, up month-over-month by a 5% and up 3% from May 2023.

Our next "Protecting Your Profits" webinar on July 12 at 12pm will feature guest presenter, Beverly Hampton Phifer, Senior Director of Animal Care with the National Dairy FARM program. She will be providing key updates for the FARM program version 5.0. Viewers can watch the episode live or watch the recording on our website, or listeners can listen to the webinar in podcast format on Spotify, Amazon Music, or Apple once the recording is available.

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 — JULY 2, 2024 AT THE CLOSE

	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	DEC-24	JAN-25	FEB-25	MAR-25	APR-25	MAY-25	TREND											
<b>CLASS III MILK FUTURES</b> (\$/CWT) vs. wk ago: Jun24 off board; Jul24 dn \$0.13; Aug-Sep24 dn \$0.50-0.80; Rest of board down \$0.10-0.30.	19.90	19.46	19.62	20.06	20.05	19.76	19.34	18.75	18.53	18.69	18.57	18.62	↓											
<b>CLASS IV MILK FUTURES</b> (\$/CWT) vs. wk ago: Jun24 off board; Jul-Dec24 \$0.20-0.50 higher; 2025 contracts steady across the board.	21.15	21.41	21.60	21.69	21.61	21.42	21.04	20.72	20.81	20.98	21.04	20.76	↑											
<b>MILK BASIS</b> (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	18.68	18.38	18.65	18.35	18.62	18.41	19.27	18.75	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
<b>Mailbox</b>	18.16	18.16	18.16	18.16	17.59	17.59	17.60	17.60	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
<b>Class III</b>	0.52	0.22	0.49	0.19	1.03	0.82	1.67	1.15	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
<b>BASIS</b>																								

	JUL-24	SEP-24	DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	MAR-26	JUL-26	DEC-26	DEC-27	TREND			
<b>CORN FUTURES</b> (\$/BU)	4.020	4.080	4.212	4.350	4.446	4.524	4.520	4.564	4.672	4.734	4.772	4.544	↓			
<b>SOYMEAL FUTURES</b> (\$/TON)	368.9	350.3	333.2	325.5	328.3	328.9	329.5	330.9	333.6	333.0	331.4	328.3	↓			
<b>U.S. AVG PREMIUM ALFALFA &amp; ALFALFA/GRASS HAY 20-22% CP</b> - Source: USDA Monthly National Dairy Comprehensive Report	FEB-23	MAR-23	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
	297.25	277.00	290.00	292.86	244.27	254.92	243.50	238.50	217.82	240.41	231.70	254.85	224.50	205.02	220.17	*175.00

DMC	JAN-23	FEB-23	MAR-23	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
<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	7.94	6.19	6.08	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
<b>ALL MILK</b>	23.10	21.60	21.10	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
<b>FEED \$</b>	14.94	15.16	15.41	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

DAIRY COMMODITIES - GLOBAL BIWEEKLY	Internet Auction (\$/LB) 07/02/24	U.S. CME SPOT DAILY (\$/LB) 07/02/24	U.S. WEEKLY USDA NDPSR (\$/LB) WK ENDING 6/22*
<b>Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS</b> per metric ton converted to \$/LB		<b>Mon-Wed Lds</b>	<b>FMMO PROD</b> MIL. LBS WTED AVG \$
<b>NEXT GDT AUCTION 07/16/24</b>	<b>SKIM POWDER (SMP)</b> 1.1733 ↓ 6.1%	<b>Spot price</b> Weekly Avg	<b>NFDM</b> 14.8 1.1899 ↑
<b>ALL-PRODUCT INDEX</b> 1.7160 ↓ 6.9%	<b>BUTTER</b> 2.9700 ↓ 10.2%	<b>1.1700</b> ↓ 1.1750 ↓	<b>BUTTER</b> 2.7 3.1001 ↓
<b>MILKFAT (AMF)</b> 2.9569 ↓ 10.7%	<b>CHEDDAR(BULK)</b> 1.8058 ↓ 6.9%	<b>BUTTER</b> 0 3.1375 ↑ 3.1375 ↑	<b>CHEESE-40</b> 9.6 1.9163 ↑
<b>BUTTERMILK POWDER</b> 1.2123 ↓ 5.1%	<b>MOZZARELLA (BULK)</b> N/A N/A	<b>CHEDDAR-40</b> 2 1.9000 ↑ 1.9000 ↑	<b>CHEESE-500</b> 12.8 2.0339 ↑
<b>LACTOSE</b> 0.3648 ↑ 0.6%	<b>WHOLE POWDER (WMP)</b> 1.4601 ↓ 4.3%	<b>CHEDDAR-500</b> 12 1.8800 ↓ 1.8663 ↓	<b>DRY WHEY</b> 6.7 0.4357 ↑
		<b>DRY WHEY</b> 1 0.4900 ↑ 0.4900 ↑	

ANNOUNCED FEDERAL ORDER PRICES (\$/CWT) NASS ALL-MILK				CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW			
<b>CL I ADV</b> ↑	<b>CL II</b> ↑	<b>CL III</b> ↑	<b>CL IV</b> ↑	<b>ALL-MILK-U.S.</b>	<b>ALL-MILK-PA</b>	<b>WEIGHTED AVG. 4-WK</b>	<b>MAY 3-JUNE 1, 2024</b>
21.11 (JUL)	21.50 (MAY)	18.55 (MAY)	20.50 (MAY)	*22.00 (MAY) ↓	*22.50 (MAY) ↑	PRODUCT	VALUE MAKE ALLOW NET
				4.17F	4.07F	CHEESE	1.8706 0.2003 1.6703 ↑
						BUTTER	3.0316 0.1715 2.8601 ↑
						NFDM	1.1422 0.1678 0.9744 ↓
						DRYWHEY	0.4108 0.1991 0.2117 ↓

U.S. AVG. BRED COWS & HEIFERS (3rd trimester)		U.S. AVG. MILKING COWS	
per head as reported by USDA Monthly National Dairy Comprehensive Report		per head as reported by USDA Monthly National Dairy Comprehensive Report	
APR-23	MAY-23	JUN-23	JUL-23
1330	1400	1559	1502
1544	1469	1792	1615

CATTLE - DAIRY PURPOSES (\$/HD) USDA and other East and Midwest auction reports combined 4-week rolling average as of June 21, 2024			
<b>MILK COWS (NASS) U.S. Avg.</b>	<b>HEIFERS</b>	<b>FRESH</b>	<b>Springing</b>
\$2120 APR-24 ↑	\$1890 JAN-24	3000	2450
		1750	2200
		700	1100
		1300	N/A
		1800	1600

PA Auction Markets June 27-July 2, 2024				FED STEERS (\$/CWT LIVE)				BULL CALVES: No. 1 & 2, 90-130 lbs				
<b>CULL MARKET COWS</b> (\$/CWT LIVEWEIGHT)	<b>Premium White</b>	<b>Breakers</b>	<b>Boners</b>	<b>Lean</b>	<b>Choice &amp; Prime</b>	1250-1550 lb	<b>Holstein</b>	<b>Beef-X-Dairy</b>	<b>WK AGO</b>	<b>YR AGO</b>		
	138.00 ↑	129.35 ↓	119.00 ↑			162.75 ↓	180.00 ↑	163.00	182.25	158.10	N/A	
						635.00 ↓	975.00 ↑	640.00	950.00	285.00	525.00	
						690.00 ↓	1050.00nc	735.00	1050.00	300.00	450.00	

