

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — AUG. 7, 2024 — except where noted



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June Margins: June's DMC margin closed out at \$11.66 per hundredweight (cwt), \$2.16 per cwt. above the \$9.50 coverage level. Like the previous three months, the margin remained high enough to not trigger indemnities. June's margin jumped \$1.14 from May's margin of \$10.52 per cwt. Looking back to program year 2023, there's an \$8.01 increase from June 2023's margin of \$3.65 to the June 2024 level.

June's all milk price came in at \$22.80 per cwt., up \$0.80 from May. This is the highest margin to-date since January 2023's, which was \$23.10 per cwt. The all-milk price was up \$5.00 per cwt from June 2023 at \$17.80, a 28% increase. With milk production remaining tight, prices have continued to trend upward over the past six months.

Premium alfalfa hay costs dropped \$20.00 from May to \$256.00 per ton in June. Year-over-year, alfalfa hay decreased \$54.00. Soybean meal (SBM) dipped \$4.55 per ton month over month from \$388.65 to \$384.10. 2024 SBM costs fluctuated throughout the past six months, dropping from January's \$378.40 per ton to April's \$357.68, then increasing in May and slightly dipping in June. Corn costs dropped \$2.01 from last June to \$4.48 per bushel in June 2024. However, corn prices only fell 3 cents from May 2024. June's total feed costs were \$11.14 per cwt., down \$0.34 month over month and down \$3.11 from a year ago. For June, feed costs were primarily driven down by lower alfalfa hay costs.

Based on the DMC Online Decision Tool (updated Aug 1), 2024 DMC margin projections remain well above the \$9.50 coverage level, resulting in no indemnities being triggered for the remaining months. Margins are forecasted to climb and peak in October at \$14.26 per cwt., then fall through December to \$13.48. With the updated decision tool, October's margin has jumped up from the previously projected \$13.71 per cwt., a \$0.55 hike. If realized, October's projected margin will be the highest in all program years. The projected average DMC margin for the remainder of the year is \$13.47 per cwt.

All milk prices are forecasted to increase steadily through November to peak at \$24.57 per cwt., then drop slightly to \$23.96 in December.

If the projected all milk prices continue to climb through the rest of the year, prices could resemble those from the beginning of 2023 and the end of 2022.

Projected feed costs remain low. Corn, SBM, and alfalfa hay costs are projected to trend downward through October, increasing slightly through November and December. High moisture levels in the Midwest contributed to higher forage production, driving alfalfa hay prices down. Potentially low yields could lead to a hike in the previously low projections. However, so far, 2024's yields should remain above average.

Based on the 2024 DMC enrollment information page (updated Jul 1), 15,605 dairies enrolled in DMC for program year 2024. Almost three quarters of the operations with an established production history are enrolled. Total 2024 payments are projected to be \$37,184,132, with an average of \$2,383 paid per operation. This is a stark contrast to 2023's total payments being \$1,292,893,268, with an average of \$75,612 paid per operation. Pennsylvania's 2024 total projected payments are \$3,298,265 with an average payment per operation of \$1,864.48.

Wisconsin leads the U.S. in enrollments with 3,937 dairy farms, as Pennsylvania, New York, and Minnesota follow with 1,769, 1,639, and 1,539 dairies, respectively. 2024 enrollment numbers dropped from last year by 8.7%, which could be attributed to projections during the enrollment period indicating that March through December margins expected to be well above the \$9.50 coverage level.

For an in-depth look at the feed markets and insight on managing feed price risk, tune in on Aug. 9 from 12pm to 1pm to the Center for Dairy Excellence's "Protecting Your Profits" webinar titled "The Read on Feed Markets." Ever.Ag's Kathleen Wolfely and Bryce Windecker will cover key feed commodity updates, Northeast basis trends, and ways for livestock producers to handle feed risk. Visit www.centerfordairyexcellence.org/events to learn more and to watch the recording on our website, or the podcast episode will be available on Spotify, Apple Music, and Amazon Music.

CME DAILY FUTURES & OPTIONS TRADING — AUG. 7, 2024 AT THE CLOSE

	AUG-24	SEP-24	OCT-24	NOV-24	DEC-24	JAN-25	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	JUL-25	TREND												
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Aug down \$0.08; Sep24 down \$0.45; Rest of board firm to \$0.15 higher, but Jan25 down \$0.15.	20.45	20.82	21.18	20.68	19.84	19.00	18.75	18.60	18.39	18.20	18.49	18.55	Gen. Steady												
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: 2024 contracts generally steady; 2025 down \$0.10-0.30, but Jul25 firm.	21.57	21.69	21.74	21.50	20.97	20.50	20.50	20.51	20.30	20.28	20.30	20.07	↓												
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	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	18.68	18.38	18.65	18.35	
Class III	17.59	17.59	17.59	17.60	17.82	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	18.16
BASIS	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	0.52	0.22	0.49	0.19	

	SEP-24	DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	MAR-26	MAY-26	JUL-26	SEP-26	DEC-26	TREND					
CORN FUTURES (\$/BU)	3.840	4.016	4.192	4.302	4.380	4.406	4.472	N/A	N/A	4.694	N/A	4.506	↑					
SOYMEAL FUTURES (\$/TON)	342.3	326.4	318.7	321.1	322.2	324.0	326.0	329.1	327.1	327.1	N/A	329.1	↑					
U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report																		
MAR-23	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	*JUN-24	211.69	↑

DMC	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	*JUN-24	TREND
DMC OFFICIAL GROSS MARGINS per cwt(USDA All-Milk, com, alfalfa & Ill. soybean, feed for ALL CLASSES of dairy cattle on farm)	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	*11.66	↑
ALL MILK	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	22.80	↑
FEED \$	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	11.14	↓

DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction (\$/LB) 08/06/24	U.S. CME SPOT DAILY (\$/LB) 08/07/24	U.S. WEEKLY USDA NDPSR (\$/LB) WK ENDING 8/03/24*
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to \$/LB	Mon-Wed Lds	FMMO PROD MIL. LBS WTD AVG \$
NEXT GDT AUCTION 08/20/24	Spot price	Weekly Avg
SKIM POWDER (SMP) 1.1519 ↑ 2.7%	23 1.2300 ↓ 1.2317 ↓	NFDM 13.7 1.2156 ↑
ALL-PRODUCT INDEX ↑ 0.5%	BUTTER 0 3.1025 ↓ 3.1033 ↓	BUTTER 2.1 3.1315 ↑
BUTTER 2.9941 ↓ 2.4%	CHEDDAR-40 4 1.9650 ↑ 1.9017 ↓	CHEDDAR-40 9.9 1.9390 ↓
MILK FAT (AMF) 3.1362 ↑ 1.2%	CHEDDAR-500 2 1.9500 ↓ 1.9233 ↓	CHEDDAR-500 12.7 1.9788 ↑
BUTTERMILK POWDER 1.2504 ↑ 3.4%	DRY WHEY 6 0.5900 ↓ 0.5992 ↓	DRY WHEY 4.4 0.4672 ↑
MOZZARELLA (BULK) 2.0780 ↑ 8.4%		
WHOLE POWDER (WMP) 1.4786 ↑ 2.4%		
NEW! USDA *APR-24* ALL-MILK BF *MAILBOX		
FL \$25.40 3.91 \$24.64		
SE \$25.80 3.99 \$23.68		
APP \$25.20 4.06 \$22.60		
NENG \$22.60 4.33 \$21.83		
NY \$22.20 4.26 \$21.63		
PAeast \$21.80 4.15 \$21.17		
IN \$22.00 4.11 \$20.82		
OH \$21.30 4.09 \$20.55		
PAwestern \$21.30 4.09 \$20.28		
U.S. \$20.50 4.24 \$19.71		
MO N/A N/A \$19.70		
IL \$20.10 4.25 \$19.59		
MIL \$20.80 4.19 \$19.44		
WVOR \$22.10 4.31 \$19.41		
TX \$21.20 4.31 \$19.29		
CA \$19.80 4.22 \$19.21		
NEKS \$19.70 4.29 \$18.81		
MN \$19.40 4.51 \$18.80		
WI \$18.60 4.23 \$18.34		
IA \$19.00 4.48 \$18.29		
NT \$19.40 4.01 \$18.13		
UM \$20.30 4.17 N/A		
ID \$20.40 4.30 N/A		
SD \$19.40 4.72 N/A		

ANNOUNCED FEDERAL ORDER PRICES (\$/CWT) NASS ALL-MILK													CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW												
CL I ADV ↑	CL II ↑	CL III ↓	CL IV ↑	ALL-MILK-U.S	ALL-MILK-PA	WEIGHTED AVG. 4-WK JULY 1-27, 2024							JULY 2024												
21.32(AUG)	21.82(JUL)	19.79(JUL)	21.31(JUL)	22.80(JUN) ↑	23.30(JUN) ↑	PRODUCT	VALUE	MAKE	ALLOW	NET	COMPONENTS														
				4.10F	4.01F	CHEESE	1.9717	0.2003	1.7714	↓	PROT	1.9466	↓												
						BUTTER	3.1211	0.1715	2.9496	↑	B.FAT	3.5720	↑												
						NFDM	1.1930	0.1678	1.0252	↑	N.FAT	1.0149	↑												
						DRYWHEY	0.4487	0.1991	0.2496	↑	OTHER	0.2571	↑												

U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report														
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	TREND
1400	1559	1502	1540	1500	1741	2108	N/A	1635	N/A	N/A	N/A	2115	*2016	↓

U.S. AVG. MILKING COWS per head as reported by USDA Monthly National Dairy Comprehensive Report														
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	TREND
1469	1792	1615	1634	1643	1830	1988	N/A	1792	N/A	N/A	2120	2254	*1624	↓

CATTLE - DAIRY PURPOSES (\$/HD) USDA and other East and Midwest auction reports combined 4-week rolling average as of July 29, 2024												
*MILK COWS (NASS) U.S. Avg.	HEIFERS	FRESH	Springing	Bred	Beef x	OPEN: 300-600 lbs	Beef X	600-900 lbs	Beef X	900-1100 lbs	BULLS (800-1300 lbs)	
\$2360 JUL-24 ↑ \$2120 APR-24	2900	2500	2000	2200	900	1500	1550	N/A	1800	1600		
\$1760 JUL-23	\$1720 APR-23	1550	1550	1525	1000	575	N/A	1000	N/A	1000	1200	

PA Auction Markets Aug. 1-6, 2024															
CULL MARKET COWS (\$/CWT LIVELWEIGHT)															
Premium White	Breakers	Boners	Lean	FED STEERS (\$/CWT LIVE)											
				Choice & Prime 1250-1550 lb	Holstein	Beef-X-Dairy	WK AGO	YR AGO	BULL CALVES: No. 1 & 2, 90-130 lbs						
				136.50 ↓	132.55 ↑	125.00 ↑	137.75	129.25	117.10	172.00 ↑	183.50 ↓	166.00	187.25	142.00	N/A
							70-85 lbs	625.00 ↓	1050.00 ↑	675.00	1050.00	675.00	950.00	285.00	N/A
														272.00	N/A

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