

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — AUG. 13, 2024 — except where noted



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The Labor Force: According to the US Labor Department's latest report, the job economy is starting to get weaker. Hiring fell to 114,000 jobs in July, with the unemployment rate increasing to 4.3 percent, the highest since October 2021. Hourly wages are up 3.6 percent year-over-year, the smallest increase since May 2021. The average hourly earnings for all employees, including salaried employees, on private non-farm payrolls increased by 8 cents, or 0.2 percent, to \$35.07 per hour. At the same time, the average workweek for all employees on private non-farm payrolls decreased by a tenth of an hour to 34.2 hours in July. The workweek for manufacturing jobs averaged 39.9 hours.

A report from the USDA's Economic Research Service from 2023 shows that hired farm workers make up less than 1 percent of all US wage and salary workers and represent an average of about 12 percent of production related costs. Wages on the farm have been increasing similarly to the non-farm wages, increasing an average of 1.8 percent from 2018 to 2023. However, the average farm wage in 2022, at \$16.62 per hour, was equal to about 60 percent of the average non-farm wage of \$27.56 per hour. The report had agricultural managers averaging about \$27.57 per hour.

Despite the increase in unemployment rates in the past few months, the long-term trend has been that unemployment rates are decreasing, falling to their lowest at 3.7 percent in November 2023 and staying there through January before starting a track upward through July. Unemployment rates last peaked in 2020 with the pandemic at 6.7 percent. Prior to then, they peaked with the recession in 2009 at 9.9 percent and stayed above 6.7 percent through 2013. On average, unemployment rates have ranged between 3.5 and 5.5 percent over the past two decades.

The Dilemma. When unemployment rates are at historic lows, finding employees to fill farm worker jobs becomes even more challenging. However, as wages have steadily increased in manufacturing related jobs over the past decade, competing with these higher wages has put increasingly more strain on a farm's bottom line. According to the study from ERS, about 47 percent of the nation's farm workers are foreign-born. As the nation continues to grapple with immigration reform and finding pathways to give dairy and other farmers access to a workable guestworker program, finding foreign-born workers to

fill open positions on dairies has also become more difficult.

With an average herd size of 94 cows per farm, Pennsylvania is still unique in that many of our farms have only family labor taking care of the day-to-day responsibilities on the farm. However, as these dairies begin to grow, shifting from managing cows to managing employees can be one of the biggest hurdles that you encounter. Even if you just have one non-family employee who you depend on to milk five days a week, having them show up late, call off work, or cut corners around the dairy can cause a lot of stress. If they suddenly leave, it can wreck your whole world.

Since finding, cultivating, and retaining good employees can often be a bottleneck on a dairy, many organizations have started to develop programs and resources to help farm families build strategies to address each phase of the employee lifecycle, from attracting and hiring to onboarding and retaining those employees. Strategies like well-written job descriptions, regular one-on-ones, training meetings, and annual reviews are all becoming more and more commonplace on the dairy to help the employee feel confident and committed in their role, which in turn helps the overall profitability of the dairy.

Resources to Help. One program we have at the Center to help with employee management is our Dairy Decisions Consultants (DDC) Program. While some farmers have used our DDC Program for financial management or business transformation, we do have consultants available who will work with farms to help them develop workforce strategies that can mean the difference between retaining a high-performing workforce and feeling like you're constantly spinning your wheels trying to find someone to help.

Penn State Extension's Dairy Team also has a lot of resources to help with employee management. There's a job description writing resource on their website, and they offer several seminars throughout the year designed to enhance your dairy management skills. Both the Center and Penn State have introduced apprenticeships to train dairy workers for long-term success. Later this fall, we plan to partner to host the "Management Essentials for Dairy Success" workshop series for middle to beginning dairy managers who want to improve their people skills.

CME DAIRY FUTURES & OPTIONS TRADING — AUG. 13, 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 up \$0.05; Sep24-Jan25 up \$0.20-0.40; Rest of 2025 generally steady.	20.51	21.26	21.61	21.17	20.02	19.17	18.71	18.57	18.41	18.32	18.49	18.55	↑↑											
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Aug-Nov24 up \$0.05; Dec24-Feb24 generally steady; Rest of 2025 up \$0.05-0.15.	21.62	22.00	21.94	21.55	21.10	20.48	20.65	20.65	20.50	20.36	20.28	20.17	↑↑											
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	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
Mailbox	17.59	17.59	17.59	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	18.16	18.16	18.16	18.16
Class III	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
BASIS																								

	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)	3.824	4.024	4.202	4.304	4.362	4.356	4.414	4.516	N/A	4.616	N/A	4.470	MIXED												
SOYMEAL FUTURES (\$/TON)	307.4	303.7	305.9	307.5	310.8	314.3	318.2	319.5	N/A	N/A	323.15	N/A	↓↓												
U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report	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	211.69	*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	
APR-23																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	
MAY-23																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
JUN-23																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
JUL-23																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
AUG-23																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
SEP-23																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
OCT-23																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
NOV-23																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
DEC-23																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
JAN-24																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
FEB-24																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
MAR-24																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
APR-24																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
MAY-24																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
JUN-24																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
JUN-24																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
*JUL-24																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓
*AUG-24																*JUL-24	↓	↓	↓	↓	↓	↓	↓	↓	↓

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
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) 08/13/24	U.S. WEEKLY USDA NDPSR (\$/LB) WK ENDING 8/10/24*
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to \$/LB	Mon-Wed Lds	FMMO PROD MIL. LBS WTED AVG \$
NEXT GDT AUCTION 08/20/24	Spot price	NFDM
SKIM POWDER (SMP) 1.1519 ↑ 2.7%	Weekly Avg	BUTTER
ALL-PRODUCT INDEX ↑ 0.5%	NFDM 13 1.2425 ↑ 1.2300 ↓	CHEESE-40 9.5 1.9445 ↑
BUTTER 2.9941 ↓ 2.4%	BUTTER 28 3.1200 ↑ 3.1267 ↑	CHEESE-500 12.3 1.9993 ↑
MILKFEAT (AMF) 3.1362 ↑ 1.2%	CHEDDAR-40 16 2.0275 ↑ 2.0158 ↑	DRY WHEY 5.3 0.4755 ↑
BUTTERMILK POWDER 1.2504 ↑ 3.4%	CHEDDAR-500 7 2.1650 ↑ 2.1383 ↑	
MOZZARELLA (BULK) 2.0780 ↑ 8.4%	DRY WHEY 0 0.5600 ↓ 0.5617 ↓	
WHOLE POWDER (WMP) 1.4786 ↑ 2.4%		

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				COMPONENTS
21.32(AUG)	21.82(JUL)	19.79(JUL)	21.31(JUL)	22.80(JUN) ↑	23.30(JUN) ↑	PRODUCT	VALUE	MAKE	ALLOW	NET	PROT	1.9466 ↓
				4.10F	4.01F	CHEESE	1.9717	0.2003	1.7714	↓	B.FAT	3.5720 ↑
						BUTTER	3.1211	0.1715	2.9496	↑	N.FAT	1.0149 ↑
						NFDM	1.1930	0.1678	1.0252	↑	OTHER	0.2571 ↑
						DRYWHEY	0.4487	0.1991	0.2496	↑		

U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report													
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	JUL-24
1559	1502	1540	1500	1741	2108	N/A	1635	N/A	N/A	N/A	2115	2016	N/A

CATTLE - DAIRY PURPOSES (\$/HD) USDA and other East and Midwest auction reports combined 4-week rolling average as of Aug. 7, 2024														
*MILK COWS (NASS) U.S. Avg.	FRESH	HEIFERS: 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-2	3100	2700	2200	2200	1200	1500	1600	N/A	2000	1500				
\$1760 JUL-23	\$1720 APR-23	1700	1775	1575	1400	650	N/A	1000	N/A	1000	1000	1100		

PA Auction Markets Aug. 8-13, 2024				FED STEERS (\$/CWT LIVE)				BULL CALVES: No. 1 & 2, 90-130 lbs						
CULL MARKET COWS (\$/CWT LIWEIGHT)	Premium White	Breakers	Boners	Lean	Choice & Prime 1250-1550 lb	Holstein	Beef-X-Dairy	WK AGO	YR AGO	70-85 lbs	675.00 ↑	900.00 ↓	675.00 ↑	1000.00 ↓
140.50 ↑	128.10 ↓	118.85 ↓				172.75 ↑	184.60 ↑	172.00	183.50	625.00	1050.00	250.00	530.00	

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