CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — SEPT. 4, 2024 — except where noted

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Market Update: July's DMC Margin came in at $12.33 per hundredweight (cwt), up 67 cents from June. With July's margin $2.83 above the $9.50 trigger, this makes the fifth consecutive month in program year 2024 where no DMC payments were issued at any coverage level.

July's margin will be the highest it has been since May 2022 at $12.51. July's milk price closed out at $22.80 per cwt. All-milk prices have risen steadily over the previous six months with no change from June to July but were up 31% from last July. Feed costs were $10.47 per cwt, down 6.0% from June.

Feed costs reached a new low point since January 2021 at $10.60 per cwt. Falling alfalfa hay, corn, and soybean meal prices have contributed to feed costs decreasing from June to July. Alfalfa hay prices dropped $19 per ton or 7.4% month over month and trended downward from February.

Alfalfa hay prices are down 17% from July 2023. Year over year, corn prices dropped 32% from July 2023 at $6.22 per bushel to July 2024 at $4.24, the same price as January 2021. Soybean meal (SBM) prices are the lowest they have been since December 2021 at $364.30 per ton. SBM prices have fallen 5.1% month-over-month and 17.8% year-over-year.

Based on the DMC Online Decision Tool (updated Sept. 2), 2024 DMC projections continued to climb from previous projections. Margin forecasts increase through November 2024 to $15.94 per cwt, then dip slightly into December.

If the projections hold true, the remaining 2024 months could have the highest margins across the previous program years and would not trigger indemnities at any coverage level.

All-milk prices are projected to climb through November and peak at $26.42 per cwt in November, then dip to $25.82. Forecasted gradual growth in milk production, coupled with projected increase in dairy product demand, resulted in higher all-milk price projections for the rest of 2024.

Feed costs are projected to fluctuate slightly throughout the coming months but remain below $10.50 per cwt. While corn and soybean demand remain higher, increased U.S. supply and decreased international demand continue to drive prices lower.

Alfalfa hay export demand also remains lax due to other countries retaining hay supply from previous crop years, which continues to drive hay prices down.

For July, the U.S. milk production equaled 18.915 billion pounds, up 1.5% month over month and down 0.4% year over year. Milk cow numbers totaled 9.33 million head, up 5,000 head from June and 43,000 head down from July 2023.

Low replacement heifer supply has made replacement prices jump and decreased numbers. Milk production per cow was 2,028 pounds, up 1.4% month over month. Additionally, tight margins resulting from increased on-farm expenses and low milk prices for 2023 limited herd expansion. Stagnant production per cow could also be a result of hotter than average temperatures.

Looking at milk production by state, California leads the U.S. in milk cow numbers, milk production, and milk per cow, followed by Wisconsin, Idaho, New York, and Texas, respectively.

In July, Pennsylvania reported 816 million pounds and produced 4.3% of the U.S. milk supply. Pennsylvania's milk production was up 1.1% from June and down 0.2% from July 2023. Milk cow numbers equaled 465,000, up 1,000 head year over year. Farm numbers decreasing paired with average herd size growth over the past few years contributed to slow to little growth in cow numbers. Milk per cow was 1,755 pounds and was unchanged year over year. Overall, Pennsylvania's milk supply remains tight.

The Center's Dairy Decision Consultant grants can provide dairy farm families with up to $4,500 in funds to receive professional one-on-one consultation. Dairy farmers can choose from a list of 22 consultants that cover seven key areas of farm business management. Applications opened Sept. 1.

To view the consultant list, seven key areas, or to apply, please visit our website at www.centerfordairyexcellence.org.

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 — SEPT. 4, 2024 AT THE CLOSE

CLASS III MILK FUTURES ($/CWT) vs. wk ago: *Sep-Oct24 up $0.05; Rest of board up $0.25-0.55, spots up $1 for Jan-Feb and Jul-Aug25.* *12-Month Avg. 20.42*↑↑

CLASS IV MILK FUTURES ($/CWT) vs. wk ago: *Sep-Nov24 down $0.20-0.30; Rest of the board up $0.15-0.35, except Jul25 steady.* *12-Month Avg. 21.82*↑↑

	SEP-24	OCT-24	NOV-24	DEC-24	JAN-25	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	JUL-25	AUG-25	TREND
Class III	22.60	22.90	22.53	21.77	20.60	19.72	19.42	19.06	19.02	19.00	19.25	19.27	↑↑
Class IV	22.38	22.93	22.85	22.11	21.68	21.67	21.50	21.49	21.49	21.38	21.29	21.11	↑↑

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	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	18.62 18.41
Class III	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	18.16 18.16	18.16 18.16	17.59 17.59
BASIS	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	1.03 0.82

CORN FUTURES ($/BU)

DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	MAR-26	MAY-26	JUL-26	SEP-26	DEC-26	JUL-27	TREND
4.130	4.310	4.412	4.472	4.434	4.480	4.586	N/A	N/A	N/A	N/A	N/A	↑↑

SOYMEAL FUTURES ($/TON)

SEP-24	OCT-24	DEC-24	JAN-25	MAR-25	MAY-25	JUL-25	AUG-25	SEP-25	OCT-25	DEC-25	JAN-26	TREND
N/A	323.6	326.8	328.4	330.6	332.8	335.7	335.6	335.6	N/A	336.5	N/A	↑↑

U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - *Source: USDA Monthly National Dairy Comprehensive Report*

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	*JUL-24	
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	*185.21	↓↓

DMC OFFICIAL GROSS MARGINS *per cwt(USDA All-Milk, corn, alfalfa & Ill. soybean, feed for ALL CLASSES of dairy cattle on farm)*

DMC	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	*JUL-24	
	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	*12.33	↑↑
ALL MILK	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	22.80	NC
FEED $	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	10.47	↓↓

DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction ($/LB) 09/03/24
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to $/LB
NEXT GDT AUCTION 09/17/24

ALL-PRODUCT INDEX		↓↓	0.4%
MILKFAT (AMF)	3.3172	↑↑	0.7%
BUTTERMILK POWDER	1.3721	↑↑	8.4%
LACTOSE	0.3916	↓↓	8.9%
SKIM POWDER (SMP)	1.2491	↑↑	4.5%
BUTTER	3.0285	↓↓	0.9%
CHEDDAR (BULK)	1.9619	↑↑	0.9%
MOZZARELLA (BULK)	2.3344	↑↑	7.0%
WHOLE POWDER (WMP)	1.5408	↓↓	2.5%

U.S. CME SPOT DAILY ($/LB) 09/04/24

	Prev. 5 day Lds	Spot price	Weekly Avg
NFDM	16	1.3550↑↑	1.3488↑↑
BUTTER	39	3.1475↓↓	3.1500↓↓
CHEDDAR-40	10	2.2300↑↑	2.2225↑↑
CHEDDAR-500	5	2.2500↑↑	2.2550↑↑
DRY WHEY	4	0.5650↑↑	0.5675↑↑

U.S. WEEKLY USDA NDPSR ($/LB) WK ENDING 8/31/24*

FMMO PROD	MIL. LBS	WTED AVG $
NFDM	16.7	1.2359↓↓
BUTTER	3.8	3.1382↑↑
CHEESE-40	8.8	2.0601↑↑
CHEESE-500	11.7	2.2174↑↑
DRY WHEY	3.8	0.5166↑↑

**U.S. Weekly NDPSR is averaged for the Month & used in FMMO formulas.*

NEW! USDA *MAY-24*

	ALL-MILK	BF	*MAILBOX
FL	$24.80	3.86	$24.00
SE	$25.20	3.91	$23.15
APP	$25.10	3.99	$22.12
N.ENG	$23.30	4.23	$22.38
NY	$22.70	4.16	$22.11
PAeast	$22.50	4.07	$21.67
IN	$22.50	4.04	$21.38
OH	$22.10	4.00	$21.41
PAwestern PA only			$21.18
U.S.	$22.00	4.17	$21.33
MO	N/A	N/A	$20.66
IL	$22.00	4.16	$21.05
MI	$21.80	4.08	$20.46
WA/OR	$23.50	4.25	$20.66
TX	$23.00	4.28	$21.15
CA	$20.70	4.17	$21.36
NE/KS	$21.10	4.17	$20.43
MN	$22.80	4.42	$22.08
WI	$21.30	4.14	$21.01
IA	$22.20	4.40	$21.06
NM	$20.50	3.91	$19.36
UT	$21.50	4.10	N/A
ID	$22.90	4.26	N/A
SD	$23.00	4.61	N/A

ANNOUNCED FEDERAL ORDER PRICES ($/CWT) NASS ALL-MILK

	CL I ADV↑↑	*CL II↑↑	*CL III↑↑	*CL IV ↑↑	*ALL-MILK-U.S	*ALL-MILK-PA
	21.60 (SEP)	*22.05 (AUG)	*20.66 (AUG)	*21.58 (AUG)	*22.80 (JUL) NC 4.07F	*23.10 (JUL) ↓↓ 3.95F
MONTH AGO	21.32	21.82	19.79	21.31	22.80 4.10F	23.30 4.01F
YEAR AGO	16.62	19.91	17.19	18.91	17.30 3.99F	18.80 3.91F

CURRENT FEDERAL ORDER VALUES ($/LB) * = *NEW
WEIGHTED AVG. 4-WK AUG 1-31, 2024

PRODUCT	VALUE	MAKE ALLOW	NET	
*CHEESE	2.0399	0.2003	1.8396	↑↑
*BUTTER	3.1139	0.1715	2.9424	↓↓
*NFDM	1.2268	0.1678	1.0590	↑↑
*DRYWHEY	0.4864	0.1991	0.2873	↑↑

AUG. 2024 COMPONENTS

*PROT	2.1756↑↑
*B.FAT	3.5632↓↓
*N.FAT	1.0484↑↑
*OTHER	0.2959↑↑

U.S. AVG. BRED COWS & HEIFERS (3rd trimester) *per head as reported by USDA Monthly National Dairy Comprehensive Report*
U.S. AVG. MILKING COWS *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
Bred cows & heifers	1559	1502	1540	1500	1741	2108	N/A	1635	N/A	N/A	N/A	2115	2016	N/A
Milking cows	1792	1615	1634	1643	1830	1988	N/A	1792	N/A	N/A	2120	2254	1624	N/A

CATTLE - DAIRY PURPOSES($/HD) USDA and other East and Midwest auction reports combined 4-week rolling average as of Aug. 30, 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 (800-1300lbs)
$2360 JUL-24 ↑↑	$2120 APR-2	2900	2600	2000	2500	900	1500	1400	N/A	1800	1800
YEAR AGO											
$1760 JUL-23	$1720 APR-23	1650	1775	1685	1400	650	N/A	1000	N/A	1000	1100

Price averages do not include lower-end 'common'

PA Auction Markets Aug. 29-Sep. 3, 2024
CULL MARKET COWS ($/CWT LIVEWEIGHT

Average to high dressing

	Premium White	Breakers	Boners	Lean
		134.85↓↓	128.50↓↓	123.10↓↓
WEEK AGO	N/A	145.75	139.00	128.00
YEAR AGO	N/A	107.25	97.50	90.00

	Holstein	Beef-X-Dairy	WK AGO		YR AGO	
FED STEERS ($/CWT LIVE) Choice & Prime 1250-1550 lb	N/A	189.10↑↑	170.85	185.85	138.00	N/A
BULL CALVES: No. 1 & 2, 90-130 lbs	415.00↓↓	735.00↓↓	550.00	900.00	300.00	600.00
70-85 lbs	475.00↓↓	835.00↓↓	550.00	935.00	315.00	625.00

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