

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — SEPT. 13, 2023 — except where noted



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Fluid milk sales trends: This time of year, fluid milk sales start to ramp back up after slipping back in June and July when schools let out for the summer. USDA reported its June fluid milk product sales a couple of weeks ago, with total June milk sales falling almost 300 million pounds, or 8.5%, from May to about 3.064 billion pounds, or about 356.2 gallons. When fluid milk sales drop during the summer months, some of that milk is often diverted into cream sales, with ice cream consumption peaking in June and July.

Year-over-year fluid milk sales continue to drop, with June's total fluid milk sales down about 1.1% from year-ago levels. Still, there are some bright spots. Whole milk sales in June were up 2.2% from a year ago to 1.226 billion pounds, or about 142 gallons, representing about 40% of the total fluid milk category sales for the month. Reduced fat (2%) flavored milk sales were also up 1.6%, and other fluid milk products, which would include products like Fairlife and other lactose-free varieties, jumped 8.5% from June 2022 to June 2023.

Looking at annual trends, total fluid milk sales dropped 2.5% or about 1.015 billion pounds, from 2021 to 2022. In the past decade, fluid milk sales have dropped more than 16%, despite growth in the whole milk and flavored milk categories. Annual whole milk sales were up 1.3% from 2021 to 2022, while flavored reduced fat (2%) sales were up 3%.

Despite the declining trend in fluid milk sales, this category still represents a large portion of total milk utilization in the US. In 2022, about 18% of the milk produced in the U.S. was sold as fluid milk. Still, just a decade earlier, more than 26% of the total milk produced in the U.S. was utilized through domestic fluid milk sales. A variety of factors, including reduced cereal consumption, fewer at-home meal occasions, and increasing competition from other beverages, have contributed to declin-

ing total fluid milk sales. However, the most significant factor could be related to school milk sales.

In 2010, the U.S. changed its School Lunch Program guidelines, which led to a ban on full-fat milk from the school menu in 2012. The decision was related to concerns around childhood obesity. Data from the Centers for Disease Control and Prevention cites that obesity in America's youth has tripled since the late 1970s, with one in every five children considered obese. While obesity is a real issue, our nation's leaders failed to recognize the difference between good fat and bad fat when they made the decision to move away from fuller fat milks.

Fortunately, efforts are underway to bring back fuller fat milk into the school cafeteria. Several years ago, USDA began allowing 1% flavored milk and reduced-fat milk to be served on the school lunch tray, which helped to attribute to the increase in reduced-fat flavored sales. For the past two years, leaders in Congress have been working to get whole milk back on the menu as well.

The Whole Milk for Healthy Kids Act has been introduced in previous sessions of Congress. But it now has more bipartisan support than ever before, having been approved by the House Education and Workforce Committee in June with companion bills in both the House and Senate being considered.

The bill still has a long way to go, though, and we need to keep the momentum building. There are more than 12 million food-insecure children out there who need milk's powerful package of nine essential nutrients for their health and development.

We can help by contacting our elected leaders to encourage them to pass the bill. If you are not sure who yours are, you can find out by going to www.usa.gov/elected-officials. Or call the Center at 717-346-0849 to get that information.

Prices change daily. This market information is an example for educational purposes. The market data below are compiled weekly by Farmshine, via CME & USDA reports.

CME DAILY FUTURES & OPTIONS TRADING — SEPT. 13, 2023 AT THE CLOSE

*AVG = Average basis for North-East and Mid-East	SEP-23	OCT-23	NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	TREND											
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: <i>SEP23-Apr24 dn \$0.15-\$0.35, but Oct23 dn \$0.75; May-Aug24 unevenly \$0.05 lower to \$0.05 higher</i>	18.35	18.21	18.35	18.21	18.20	18.20	18.35	18.43	18.52	18.50	18.66	18.65	12-Month Avg. 18.38 ↓↓											
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: <i>SEP23-Mar24 firm to mostly \$0.35 higher; Apr-Aug24 fully \$0.25-0.60 higher.</i>	18.66	18.95	19.20	19.20	19.00	19.05	19.28	19.37	19.43	19.42	19.28	19.30	12-Month Avg. 19.17 ↑↑											
*MARGIN = Milk Price over Feed Cost per cwt.	18.25	18.25	18.25	18.25	18.25	18.25	18.25	18.25	18.50	18.50	18.50	18.75	18.75											
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	1825	0.05	18.25	0.51	18.25	0.64	18.25	0.76	18.25	0.91	18.25	0.97	18.25	0.96	18.50	1.08	18.50	1.10	18.50	1.13	18.75	1.16	18.75	1.21
MILK BASIS (\$/CWT) — 2017-22 PA BASIS AND AVG PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA	0.95	0.79	0.60	0.79	1.17	0.62	1.53	2.29	1.82	1.58	0.99	1.03											
*AVG	1.15	0.67	0.74	1.38	0.85	1.67	2.55	2.15	1.66	1.45	1.25	1.31												
DMC OFFICIAL GROSS MARGINS 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	DMC	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	OCT-22	NOV-22	DEC-22	JAN-23	FEB-23	MAR-23	APR-23	MAY-23	JUN-23	*JUL-23	TREND							
	12.51	11.92	9.92	8.08	8.62	10.71	10.89	9.76	7.94	6.19	6.08	5.84	4.83	3.65	*3.52	↓↓								

U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	OCT-22	NOV-22	DEC-22	JAN-23	FEB-23	MAR-23	APR-23	MAY-23	JUN-23	JUL-23	*AUG-23	TREND
	322.00	321.17	312.50	308.17	290.70	300.10	289.50	296.50	266.60	297.25	277.00	290.00	292.86	244.27	254.92	*243.50	↓↓
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report	1278	1184	1350	1407	1265	1310	1290	1300	1250	1352	1342	1330	1400	1559	1502	*1540	↑↑
U.S. AVG. FRESH COWS per head as reported by USDA Monthly National Dairy Comprehensive Report	1496	1341	1571	1417	1384	1701	1526	1531	1436	1487	1493	1544	1469	1792	1615	*1634	↑↑

CORN FUTURES (\$/BU)	SEP-23	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	TREND
	4.640	4.822	4.962	5.044	5.084	5.056	5.110	5.202	5.252	5.254	4.940	4.910	↓
SOYMEAL FUTURES (\$/TON)	SEP-23	OCT-23	DEC-23	JAN-24	MAR-24	MAY-24	JUL-24	AUG-24	SEP-24	OCT-24	DEC-24	JAN-25	TREND
	401.9	395.9	394.8	392.2	387.0	382.9	382.5	380.4	376.8	371.4	371.0	369.0	↓

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *JUNE 2023	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	CME DAIRY CASH-SETTLED FUTURES (\$/LB) 09/13/23	SEP	OCT	NOV	DEC	JAN24	FEB24	MAR24	SPOT CASH TREND	
FEED = \$/CWT.	*JUN (estimated)	*9.36 ↓↓	*7.45 ↓↓	*14.48 ↓↓	NFDM	1.101	1.117	1.140	1.154	1.182	1.202	1.230	↑↑ 1.1100 ↑↑
IOFC = \$/COW	PREV MO	9.65	8.21	15.45	WHEY	0.280	0.301	0.327	0.342	0.374	0.380	0.380	↑↑ 0.3000 ↓↓
YR AYO	YR AYO	9.07	13.98	20.78	BUTTER	2.689	2.735	2.730	2.690	2.600	2.580	2.580	↑↑ 2.7725 ↓↓
<i>Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price</i>					CHEESE	1.946	1.916	1.920	1.910	1.890	1.890	1.894	↓↓ See Below

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	CL I ADV↑↑	CL II↑↑	CL III↑↑	CL IV↑↑	ALL-MILK-U.S.	ALL-MILK-PA	CURRENT FEDERAL ORDER VALUES (\$/LB) * = *NEW	WEIGHTED AVG. 4-WK AUG 1-26, 2023	AUGUST 2023 COMPONENTS				
	18.90(SEP)	19.91(AUG)	17.19(AUG)	18.91(AUG)	17.40(JUL)	18.70(JUL) ↓↓	PRODUCT	VALUE	MAKE ALLOW	NET	PROT	2.0851 ↑↑	
	16.62	19.12	13.77	18.26	17.90 4.01F	19.30 4.00F	CHEESE	1.8349	0.2003	1.6346	↑↑	B.FAT	3.0218 ↑↑
	23.62	26.91	20.10	24.81	25.50 3.91F	26.80 3.85F	BUTTER	2.6668	0.1715	2.4953	↑↑	N.FAT	0.9599 ↓↓
							NFDM	1.1374	0.1678	0.9696	↓↓	OTHER	0.0648 ↓↓

CATTLE - DAIRY PURPOSES (\$/HD) (Avg Sept 13, 2023 New Holland PA) Supply down 46% below year ago; limited supply of fresh, springing and milking animals selling \$400 higher than last week, bred heifers \$100 higher, open heifers \$100 lower.	COWS: Fresh	Bred	Springing	*HEIFERS: Bred	Springing	Beef x	Open: 300-600 lbs	Beef X	600-900 lbs	Beef X	900-1100 lbs	BULLS(800-1300lbs)
	2100	N/A	1875	CPL	1650	1950	900	1000	1300	N/A		
	1650	1550	FEW	2300	CPL	1565	N/A	825	1250	1450	1550	

PA Auction Markets Sept 7-12, 2023	CULL MARKET COWS (\$/CWT LIVELINE)	Premium White	Breakers	Boners	Lean	FED HOLSTEIN STEERS (\$/CWT LIVELINE)	Choice & Prime	1250-1550 lbs light test	BULL CALVES: No. 1 & 2, 90-130 lbs	70-85 lbs	CURRENT	Beef X	WEEK AGO	YR AYO	
		112.75 ↑↑	102.85 ↑↑	92.75 ↑↑			130.75	300.00	600.00	315.00	625.00	138.00	300.00	600.00	123.60
															132.00
															134.00

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