CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — **SEPT. 27, 2023** — except where noted

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Pricing rebounding, production wanes: Milk prices are starting to rebound from the devastating lows we saw this summer. October's Class I milk price was announced last week at $19.47 per hundredweight, up 57 cents from September and $2.85 above August's low point. However, it's still more than $3 below the Class I price a year ago. Looking ahead, CME milk futures has Class IV milk prices trending up but Class III staying flat. For the last four months, Class III milk futures prices averaged $17.71 per hundredweight, as of September 25, while Class IV milk futures prices averaged $19.65 per hundredweight. For the first six months of 2024, the CME milk futures has Class III just over $18 and Class IV close to $19.50, on average.

One big factor influencing milk prices right now is a shift in milk production across the US. Through the first half of 2023, the US milk supply had modest growth, up just 0.6 percent year over year. In July, however, that tide began to turn, with the US milk production falling year over year for the first time since May 2022. July's total US milk production was revised in the latest report to 19.04 billion pounds, down 0.7 percent from a year ago with 23,000 fewer head and 10 pounds less milk per cow. The downward trend continued in August, with US milk production falling 0.2 percent to 18.975 billion pounds. Cow numbers stayed flat from July but down 16,000 head from a year ago. Milk production per cow, though, seemed to rebound slightly in August, down only 1 pound from a year ago.

With higher beef prices and low milk margins driving more dairy cows to market, the nation's dairy herd is now at its lowest size since February 2022. Hotter temperatures put pressure on milk production in the southwestern region of the US. The top milk-producing states in that region fell 25 pounds per cow per month collectively from last July to this July due to the hotter temperatures. However, the southwest region's milk production woes may be longer term, with 57,000 fewer head in those states in August compared to a year ago. New Mexico took the biggest hit, with total milk production falling 8 percent from a year ago. California, Colorado, Texas, and Utah were all down as well, with their milk production falling 3.7, 3.5, 3.2 and 0.5 percent, respectively.

Milk production in the upper Midwest and Northeast regions of the country is more stable, with cow numbers continuing to increase in Idaho, South Dakota, and Michigan. Wisconsin's total milk production was up 1.2 percent from a year ago, with 30 more pounds of milk per cow. Idaho and New York also posted increases in total milk production, up 1.0 and 3.8 percent, respectively. Michigan's total milk production was up 3.7 percent, while Minnesota was down 0.7 percent in total milk production. Pennsylvania rebounded after slipping the past couple of months, with total milk production up 0.5 percent with 15 more pounds milk per cow. Cow numbers in the Commonwealth were down 2,000 head from a year ago but have remained flat for the last eight months.

For a complete market recap for this month, listen to the Protecting Your Profits recording, either as a webinar or as a podcast on Spotify, Amazon, or Apple Music. To download the webinar on the Center website, go to www.centerfordairyexcellence.org/protecting-your-profits.

AT A GLANCE: Production Shifts By Region (Aug. 2022 to Aug. 2023)

Region	Cow Numbers	Milk Per Cow	Total Milk
Southwest (incl. CA)	- 57,000 head	↓1/2 lb. per day	↓ 3.8 Percent
Upper Midwest	+34,000 head	↑1/4 lb. per day	↑ 1.5 Percent
Northeast	+7,000 head	↑ 1 lb. per day	↑ 2.4 Percent

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. 27, 2023 AT THE CLOSE

*AVG = Average basis for North-East and Mid-East

*MARGIN = Milk Price over Feed Cost per cwt. YELLOW = payment triggered

	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 ($/CWT)	18.38	16.80	16.95	17.40	17.99	18.12	18.29	18.35	18.44	18.54	18.59	18.46	↓↓
CLASS IV MILK FUTURES ($/CWT)	18.84	21.01	20.80	19.80	19.34	19.35	19.50	19.46	19.52	19.75	19.55	19.55	↑↑

CLASS III MILK FUTURES ($/CWT) vs. wk ago: *Sep23 up $0.10; Oct-Dec23 down $0.30-0.50; Jan-Aug24 up $0.10-0.15.* 12-Month Avg. 18.02 ↓↓

CLASS IV MILK FUTURES ($/CWT) vs. wk ago: *Sep23 up $0.35, Oct-Dec23 up $0.75-$1.75; Jan-Aug24 $0.05 to mostly $0.25 higher.* 12-Month Avg. 19.70 ↑↑

CLASS III MILK ($/CWT) OPTIONS — PUTS — Daily Strike Price / Premium

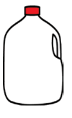
SEP-23	OCT-23	NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24
18.50 0.12	16.75 0.21	17.00 0.55	17.50 0.73	18.00 0.79	18.00 0.81	18.25 0.94	18.25 0.97	18.50 1.10	18.50 1.09	18.50 1.05	18.50 1.18

MILK BASIS ($/CWT) — 2017-22 PA BASIS AND AVG PA/NY/VT/OH — *YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)*

	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
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, corn, 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	
	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*

U.S. AVG. BRED COWS & HEIFERS (3rd trimester) *per head as reported by USDA Monthly National Dairy Comprehensive Report*

U.S. AVG. FRESH COWS *per head as reported by 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	
Alfalfa & alfalfa/grass hay	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	↓↓
Bred cows & heifers	1278	1184	1350	1407	1265	1310	1290	1300	1250	1352	1342	1330	1400	1559	1502	*1540	↑↑
Fresh cows	1496	1341	1571	1417	1384	1701	1526	1531	1436	1487	1493	1544	1469	1792	1615	*1634	↑↑

CORN FUTURES ($/BU)

	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	JUL-26	TREND
Current	4.832	4.982	5.066	5.114	5.086	5.122	5.222	5.272	5.266	4.994	4.962	5.124	↑↑
WEEK AGO	4.822	4.966	5.054	5.100	5.080	5.112	5.212	5.262	5.262	4.936	4.912	5.070	

SOYMEAL FUTURES ($/TON)

	OCT-23	DEC-23	JAN-24	MAR-24	MAY-24	JUL-24	AUG-24	SEP-24	OCT-24	DEC-24	JAN-25	MAR-25	TREND
Current	390.1	389.1	385.3	378.6	375.1	375.7	374.2	371.6	366.9	367.2	365.8	362.6	↓↓
WEEK AGO	397.2	395.1	391.6	385.4	381.6	381.4	379.2	376.0	371.6	371.7	369.9	365.4	

PA MILK MARGIN & IOFC–LATEST PSU VALUES - *JUNE 2023

*=NEW; FEED = $/CWT.; IOFC = $/COW

	FEED COST ($/CWT milk)	IOFC ($/COW @ 75 lbs milk)	PA MILK MARGIN ($/CWT milk)
*JUN (estimated)	*9.36↓↓	*7.45↓↓	*14.48↓↓
PREV MO	9.65	8.21	15.45
YR AGO	9.07	13.98	20.78

Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price

CME DAIRY CASH-SETTLED FUTURES ($/LB) 09/27/23

	SEP	OCT	NOV	DEC	JAN24	FEB24	MAR24	TREND	SPOT CASH 09/27/23
NFDM	1.119	1.150	1.167	1.195	1.220	1.241	1.259	↑↑	1.1775↑↑
WHEY	0.291	0.305	0.320	0.338	0.360	0.385	0.390	↑↑	0.2850↓↓
BUTTER	2.730	3.154	3.050	2.780.	2.642	2.590	2.580	↑↑	3.3000↑↑
CHEESE	1.939	1.750	1.761	1.810	1.854	1.866	1.880	↓↓	See Below

CME SPOT CHEESE: BARRELS 1.5200 / 40 LB BLOCKS 1.7550 ↓↓ / ↓↓

****USDA MAY-23 NEW***

	ALL-MILK	BF	*MAILBOX
*FL	$24.80	3.77	$23.26
*SE	$23.70	3.84	$21.88
*APP	$23.50	3.88	$21.22
*N.ENG	$21.00	4.10	$20.51
*NY	$20.30	4.05	$19.93
*PAeast	$20.60	4.02	$19.89
*OH	$20.50	3.95	$19.65
*IN	$20.50	3.95	$19.62
*IL	$19.30	4.04	$19.04
*PAwestern PA only			$19.02
*WA/OR	$21.00	4.12	$18.89
*U.S.	$19.30	4.06	$18.53
*CA	$20.10	4.06	$18.37
*MI	$19.20	4.00	$18.21
*MO	N/A	N/A	$17.88
*WI	$17.90	4.06	$17.81
*MN	$17.60	4.28	$17.34
*NE/KS	$18.00	4.08	$17.13
*IA	$16.80	4.25	$16.97
*TX	$19.00	4.08	$16.95
*NM	$17.50	3.83	$16.41

***=NEW ANNOUNCED FEDERAL ORDER PRICES ($/CWT)**

	*CL I ADV↑↑	CL II↑↑	CL III↑↑	CL IV ↑↑	ALL-MILK-U.S	ALL-MILK-PA
Current	*19.47(OCT)	19.91(AUG)	17.19(AUG)	18.91(AUG)	17.40(JUL) 3.98F	18.70(JUL)↓↓ 3.92F
MONTH AGO	18.90	19.12	13.77	18.26	17.90 4.01F	19.30 4.00F
YEAR AGO	22.71	26.91	20.10	24.81	25.50 3.91F	26.80 3.85F

CURRENT FEDERAL ORDER VALUES ($/LB) * = *NEW

WEIGHTED AVG. 4-WK AUG 1-26, 2023

PRODUCT	VALUE	MAKE ALLOW	NET	
CHEESE	1.8349	0.2003	1.6346	↑↑
BUTTER	2.6668	0.1715	2.4953	↑↑
NFDM	1.1374	0.1678	0.9696	↓↓
DRYWHEY	0.2620	0.1991	0.0629	↓↓

AUGUST 2023 COMPONENTS	
PROT	2.0851↑↑
B.FAT	3.0218↑↑
N.FAT	0.9599↓↓
OTHER	0.0648↓↓

CATTLE - DAIRY PURPOSES($/HD) (Avg Sept 20, 2023 New Holland PA) *Receipts up 110% over yr ago via herd sales; 56% fresh/milking cows down $600 per head from week ago with heavy culling depressing the undergirding beef value; 20% bred cows, 11% springer cows; limited heifers, no open heifers quoted.*

	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)
Current	1475	1450	1700	1400	1625		N/A	N/A	N/A	N/A
WEEK AGO COMPARISON	2100	N/A	1875CPL	1650	1950		900	1000	1300	N/A

PA Auction Markets Sept 21-26, 2023

CULL MARKET COWS ($/CWT LIVEWEIGHT

Price averages do not include lower-end 'common'

Average to high dressing

	Premium White	Breakers	Boners	Lean
Current		98.10↓↓	95.00↓↓	80.10↓↓
WEEK AGO	N/A	106.75	100.60	90.60
YEAR AGO	N/A	86.60	79.85	69.25

FED HOLSTEIN STEERS ($/CWT LIVEWEIGHT)

		CURRENT	Beef X	WEEK AGO		YR AGO	
Choice & Prime 1250-1550 lbs light test		135.00		132.75		110.35	↑↑
BULL CALVES:	No. 1 & 2, 90-130 lbs	350.00	675.00	350.00	675.00	145.00	↑↑
	70-85 lbs	325.00	770.00	325.00	770.00	140.00	↑↑

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