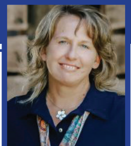
CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — **OCT. 25, 2023** — except where noted



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Stocks show mixed growth despite lackluster milk production: Two major reports come out around this time each month that together present a good picture of what could influence dairy markets in the near term. Those are the USDA Milk Production Report and Cold Storage Report. When milk production is growing and stocks reported in the Cold Storage report are declining, it means dairy demand is strong, which could support higher prices. If milk production is declining and dairy stocks are growing, it is a good indicator that demand is soft, which limits the potential for any significant upswing in dairy prices.

For this month, mixed messages indicate the latter could be true. Total milk production across the top 24 milk producing states was essentially flat in September, with the 24 major milk states producing 17.465 billion pounds. Average milk production per cow in the 24 states was up 3 pounds from a year ago, while the dairy herd totals in the 24 major states lost 16,000 head in the past 12 months. The herd size dropped another 2,000 cows from August to September to levels not seen since April 2022.

Milk production across the different regions was mixed. The Southwest continued to see a decline in both cow numbers and total production, while milk production in the Upper Midwest is still increasing. New Mexico had the largest decline in total milk production, falling 7.2% with 19,000 fewer cows than there were a year ago. On the flipside, South Dakota's milk production was up 5.9% with 12,000 more cows. The only other state with more growth than South Dakota was Florida, which saw 12% growth from last Sept. to this Sept.

Looking at the top eight dairy producing states, Wisconsin's total milk production was up 1.1% with 1,000 fewer cows but 15 pounds more milk per cow. California was down 1.8% with 9,000 fewer cows and 25 pounds less milk per cow. Idaho, the third largest producing state, was down 0.6% in total milk production, while New York was up 2%. Both states saw a 5,000-head increase in their herd size. However, Idaho lost 30 pounds in milk production per cow, while New York gained 25 pounds per cow. Texas' milk production was down 1%, with 20,000 fewer cows but 45 pounds more milk/cow.

Michigan's milk production was up 2.7%, with 11,000 more cows and 5 pounds more milk per cow. Minnesota's total milk production was down 0.6%, with 3,000 fewer cows. Milk production per cow in that state was flat. Pennsylvania's total milk production was down 0.1% to 785 million pounds, with 2,000 fewer cows than a year ago but 5 pounds more milk per cow. Cow numbers in the Commonwealth have remained consistently at 466,000 head for the past nine months.

Along with the lower milk production reported for September, USDA also lowered its estimated projections for milk production in the past five months, dropping each of the month's year over year change by 0.1%. Lower cow numbers were the reason for the decreased projections, with cow numbers in July and August alone lowered by 11,000 and 14,000 head, respectively, in the 24 major milk states.

While product stocks showed growth earlier in the year, the latest USDA Cold Storage report was mixed. Butter stocks were up 3% from a year ago at 275.4 million pounds as of September 30. That is down 16.3 million pounds from August 31, which is higher than the typical August to September drawdown that is expected.

Total cheese stocks fell 23 million pounds to 1.47 billion pounds, up 0.2% from a year ago and the largest amount on record for the end of September. Still, cheese inventories were down 23 million pounds from August. American-type cheese inventories were up 0.9% from year-ago levels.

In addition to releasing its most recent dairy reports, the USDA announced it has extended the deadline for the Milk Loss Program. Eligible dairy producers now have until Oct. 30 to apply. The Milk Loss Program compensates dairy operations for milk dumped or removed without compensation from the commercial milk market due to qualifying weather and other related disaster events that occurred in 2020, 2021 and 2022 calendar years.

If you think you may qualify, be sure to contact your local FSA Office no later than Monday, Oct. 30 to apply.

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.

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

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

CME DAILY FUTURES & OPTIONS TRADING — OCT. 25, 2023 AT THE CLOSE

CLASS III MILK FUTURES ($/CWT) vs. wk ago: *Last week's gains were precisely erased: Nov23-Jan24 down $0.80 -1.25, Feb-Sep24 down $0.30-0.70.* 12-Month Avg. 18.14 ↓↓

CLASS IV MILK FUTURES ($/CWT) vs. wk ago: *Oct-Nov23 and Aug-Sep24 generally steady, Dec23 up $0.10, Jan-July24 down $0.20, spots off $0.40.* 12-Month Avg. 19.82 ↓↓

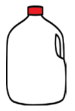
	OCT-23	NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	TREND
CLASS III MILK FUTURES	16.89	17.55	17.38	17.72	18.11	18.35	18.50	18.50	18.69	18.66	18.70	18.68	↓↓
CLASS IV MILK FUTURES	21.65	21.07	20.03	18.94	19.02	19.15	19.34	19.42	19.65	19.75	19.89	19.90	↓↓
CLASS III MILK ($/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	**17.00** 0.12	**17.50** 0.23	**17.50** 0.67	**17.75** 0.76	**18.00** 0.79	**18.25** 0.91	**18.50** 1.02	**18.50** 1.09	**18.75** 1.18	**18.75** 1.17	**18.75** 1.23	**18.75** 1.25	

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

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
PA	0.79	0.60	0.79	1.17	0.62	1.53	2.29	1.82	1.58	0.99	1.03	0.95
*AVG	0.67	0.74	1.38	0.85	1.67	2.55	2.15	1.66	1.45	1.25	1.31	1.15

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	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	
	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	*6.46	↑↑



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*

	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	*SEP-23	
Premium Alfalfa & Alfalfa/Grass Hay	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	*238.50	↓↓
Bred Cows & Heifers	1184	1350	1407	1265	1310	1290	1300	1250	1352	1342	1330	1400	1559	1502	1540	*1500	↓↓
Fresh Cows	1341	1571	1417	1384	1701	1526	1531	1436	1487	1493	1544	1469	1792	1615	1634	*1643	↑↑

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	4.800	4.944	5.030	5.086	5.064	5.106	5.216	5.270	5.264	5.096	5.046	5.212	↓↓
WEEK AGO	4.920	5.064	5.144	5.196	5.154	5.182	5.284	5.332	5.322	5.106	5.042	5.210	

SOYMEAL FUTURES ($/TON)

	DEC-23	JAN-24	MAR-24	MAY-24	JUL-24	AUG-24	SEP-24	OCT-24	DEC-24	JAN-25	MAR-25	MAY-25	TREND
Current	429.2	417.3	406.3	401.6	400.8	397.7	394.1	389.7	391.2	390.2	387.2	385.8	↑↑
WEEK AGO	413.8	406.3	398.8	395.5	394.6	391.4	386.5	381.0	382.1	381.5	379.1	378.1	

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) 10/25/23

	OCT	NOV	DEC	JAN24	FEB24	MAR24	APR24	TREND	SPOT CASH 10/25/23
NFDM	1.163	1.189	1.208	1.212	1.227	1.247	1.272	↓↓	1.2100↓↓
WHEY	0.317	0.360	0.397	0.427	0.450	0.441	0.450	*Mixed*	0.3675↓↓
BUTTER	3.274	3.053	2.755	2.500	2.480	2.477	2.462	*Mixed*	3.3000↓↓
CHEESE	1.741	1.795	1.781	1.800	1.831	1.869	1.870	↓↓	*See Below*

CME SPOT CHEESE: BARRELS 1.7000 / 40 LB BLOCKS 1.7300 ↑↑ / ↓↓

**USDA JUN-23 NEW*

ALL-MILK	BF	*MAILBOX
*FL $23.30	3.75	$21.72
*SE $22.20	3.81	$20.47
*APP $22.10	3.88	$19.95
*N.ENG $19.80	4.04	$19.42
*NY $19.00	4.00	$18.82
*PAeast $19.30	4.00	$18.84
*OH $19.20	3.89	$18.33
*IN $19.10	3.89	$18.54
*IL $18.00	3.97	$17.67
*PAwestern PA only		$17.88
*WA/OR $20.20	4.08	$18.09
*U.S. $17.90	4.01	$17.23
*CA $18.70	4.03	$17.11
*MI $17.80	3.93	$16.77
*MO N/A	N/A	$16.74
*WI $16.20	3.97	$16.36
*MN $15.80	4.17	$15.42
*NE/KS $16.70	4.07	$15.72
*IA $15.20	4.14	$15.22
*TX $17.50	4.08	$15.58
*NM $16.20	3.83	$15.08

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

	*CL I ADV↑↑	CL II↑↑	CL III↑↑	CL IV ↑↑	ALL-MILK-U.S	ALL-MILK-PA
Current	*19.75(NOV)	19.98(SEP)	18.39(SEP)	19.09(SEP)	19.70(AUG)↑↑ 4.00F	20.20(AUG)↑↑ 3.95F
MONTH AGO	19.47	19.91	17.19	18.91	17.40 3.98F	18.70 3.92F
YEAR AGO	24.09	26.51	19.92	24.63	24.30 3.93F	26.20 3.83F

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

WEIGHTED AVG. 4-WK SEP 1-30, 2023

PRODUCT	VALUE	MAKE ALLOW	NET	
CHEESE	1.9366	0.2003	1.7363	↑↑
BUTTER	2.7532	0.1715	2.5817	↑↑
NFDM	1.1155	0.1678	0.9477	↓↓
DRYWHEY	0.2954	0.1991	0.0963	↑↑

*SEPT 2023 COMPONENTS	
PROT	2.3027↑↑
B.FAT	3.1264↑↑
N.FAT	0.9382↓↓
OTHER	0.0992↑↑

CATTLE - DAIRY PURPOSES($/HD) (Avg Oct. 4, 2023 New Holland PA) *Receipts equal to last year, very light on cows; 19% fresh/milking cows up $500 per head from week ago; 17% bred cows, 3% springer cows; 11% bred heifers, 32% springing heifers, 20% open heifers.* NO REPORT OCT. 11, 18, 25

	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	1925LTD	1675	2340	1660	1725		785		975		1200	1875CPL
WEEK PRIOR COMPARISON	1475	1450	1700	1400	1625		N/A		N/A		N/A	N/A

Price averages do not include lower-end 'common'

PA Auction Markets Oct. 19-23, 2023

CULL MARKET COWS ($/CWT LIVEWEIGHT

Average to high dressing

	Premium White	Breakers	Boners	Lean
Current		101.60↓↓	88.75↓↓	79.10↑↑
WEEK AGO	N/A	102.40	91.50	77.50
YEAR AGO	N/A	80.00	75.50	67.50

FED HOLSTEIN STEERS ($/CWT LIVEWEIGHT)

	CURRENT	Beef X	WEEK AGO		YR AGO	
Choice & Prime 1250-1550 lbs light test	152.00(few)		No Test		120.25	↑↑
BULL CALVES: No. 1 & 2, 90-130 lbs	335.00	685.00	375.00	790.00	110.00	↓↓
70-85 lbs	285.00	750.00	400.00	750.00	96.00	↓↓

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