

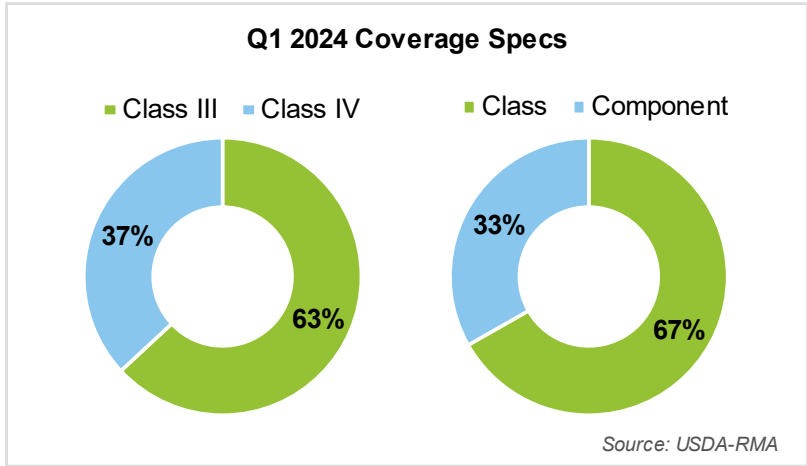
At the time of publishing, Q1 2024 indemnities have not yet been released by USDA-RMA. As such, the most recent quarter's indemnity payments in this report are estimated using announced class and component prices and milk yields.

Overview & Key Points

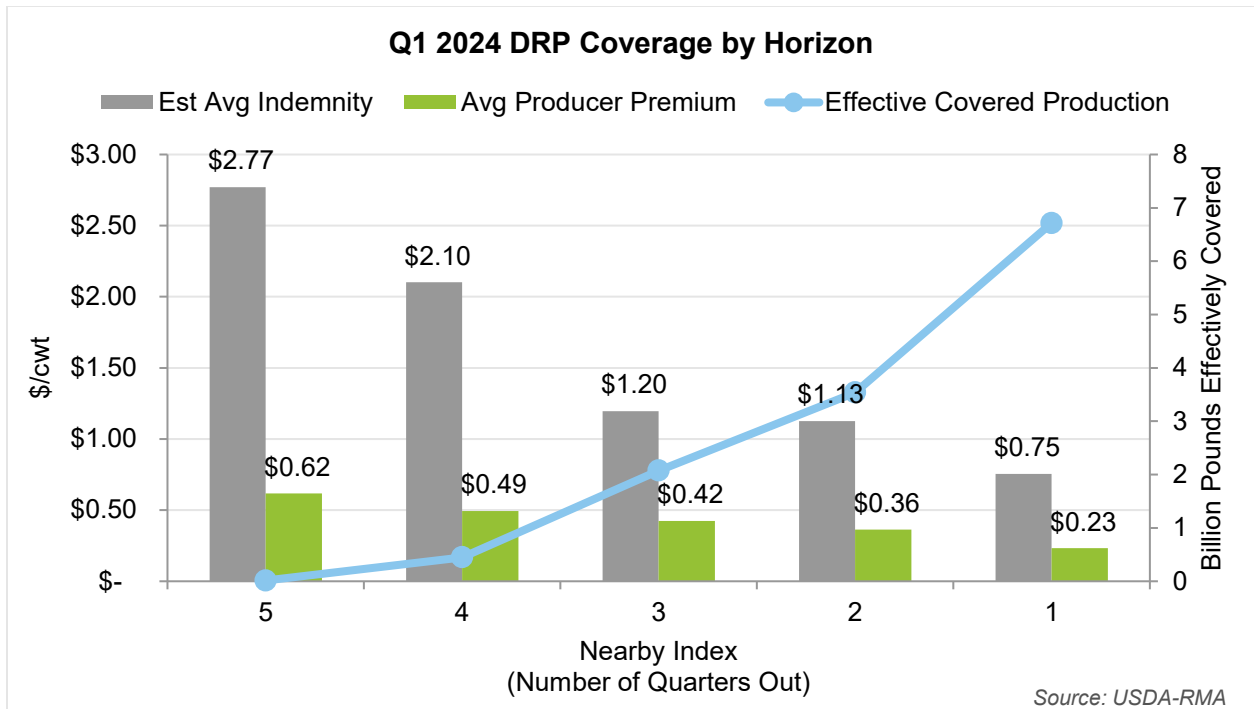
- Estimated indemnities for the first quarter of 2024 averaged \$0.98 per cwt, 13 cents less than the previous quarter. With producer premiums averaging \$0.31 per cwt, the estimated average net to producers was \$0.67 per cwt.
- Nearly 12.8 billion pounds of milk were covered under DRP during Q1 2024, representing 22% of the U.S. milk supply and marking the lowest volume enrolled since Q1 2020.
- Like in the previous quarter, most indemnities were paid based on lower Class III settlements. At the 95% coverage level using the class pricing option, Q1 2024 indemnities would have been triggered 99% of the time with Class III selected (ignoring Yield Adjustment Factors). This comes out to just four days that would not have triggered payments under Class III. Alternatively, Class IV prices finished higher than all available coverage offers, with no days triggering payments when ignoring Yield Adjustment Factors.

Total Effective Pounds Covered:	Total Producer Premium:	Estimated Total Indemnities Paid:	Estimated Total Net to Producers:
12.8 billion lbs	\$39.5 million	\$125 million	\$85.6 million
Share of U.S. Milk Supply Covered:	Average Producer Premium:	Estimated Average Indemnity Paid:	Estimated Average Net to Producers:
22%	\$0.31/cwt	\$0.98/cwt	\$0.67/cwt

Source: USDA-RMA



Coverage Performance by Horizon

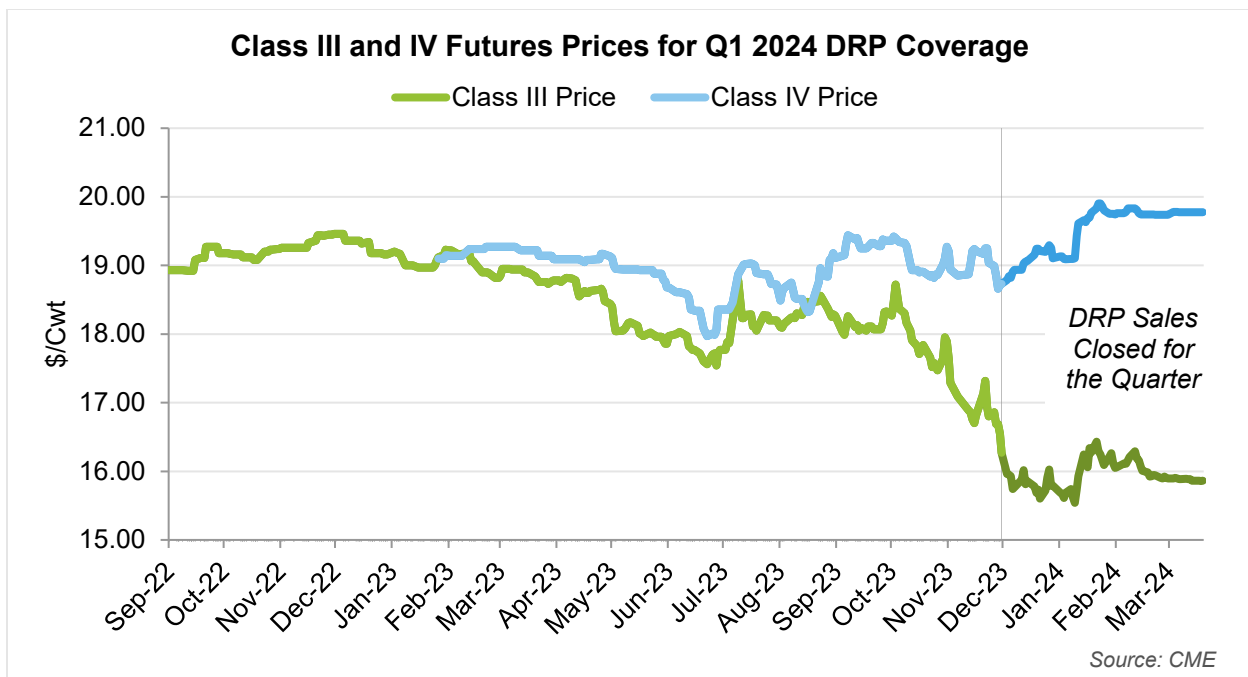


Note: Class IV coverage wasn't offered for Q1 2024 until February 10, 2023. Consequently, the coverage that was booked four and five quarters out mainly consisted of Class III.

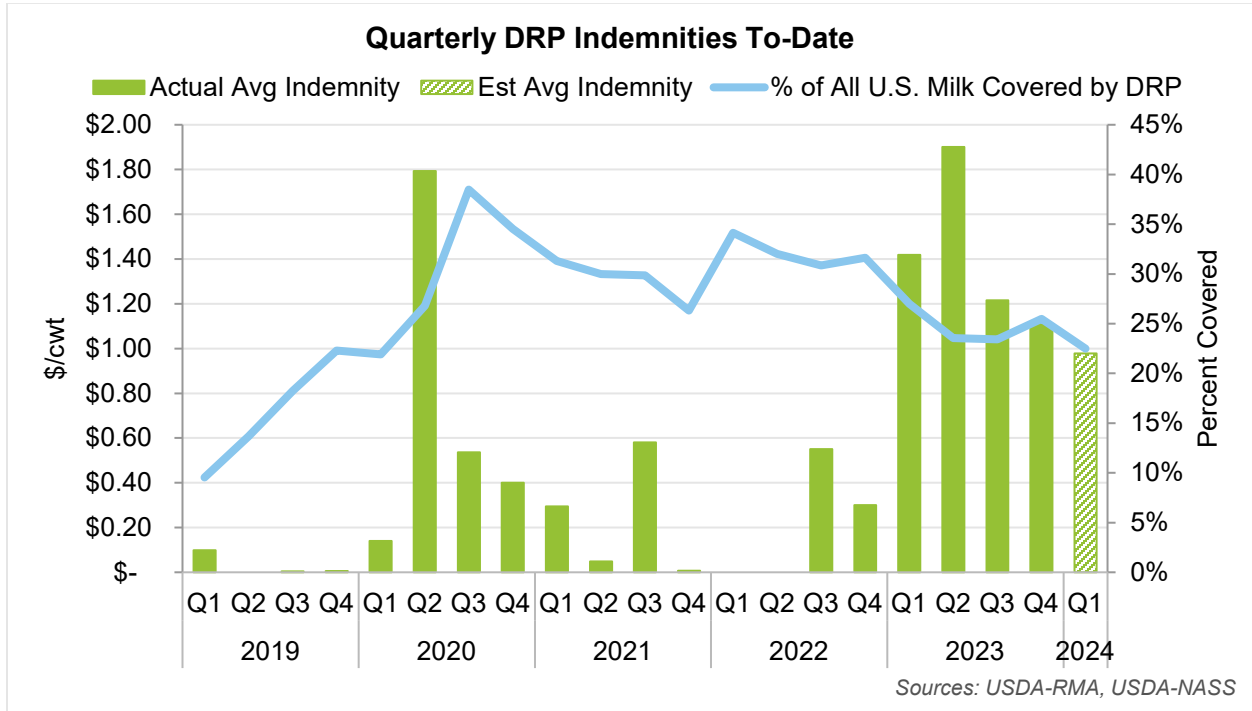
Nearby Index	Effective Covered Production		Class III Price (\$/cwt)			Class IV Price (\$/cwt)		
	Number of Quarters Out	Billion Lbs	Share (%)	Min	Max	Avg	Min	Max
5	0.015	0%	18.92	19.46	19.28	<i>Not Offered</i>		
4	0.448	4%	18.82	19.46	19.05	19.10	19.27	19.21
3	2.072	16%	17.86	18.95	18.45	18.68	19.27	19.05
2	3.537	28%	17.54	18.78	18.14	17.97	19.18	18.62
1	6.715	53%	16.27	18.72	17.80	18.66	19.44	19.18

Source: USDA-RMA

Nearby Index	Sales Effective Date Range
5	09/16/22 - 12/15/22
4	12/16/22 - 03/15/23
3	03/16/23 - 06/15/23
2	06/16/23 - 09/15/23
1	09/16/23 - 12/15/23



Participation and Performance



Net to producers is equal to the indemnity paid minus the producer premium. Effective covered milk production is equal to the declared production times the protection factor. Class III versus IV coverage calculated as the effective covered milk production times the class price weighting factor or the component price weighting factor.

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