

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JAN. 29, 2025 — except where noted

**The planning season:** Once the harvest is in, the deer have been hunted, and the holidays have been celebrated with family and friends, it's time for the planning season. Over my career, I find that a lot of the long-term planning that occurs on dairy farms happens this time of year. Based on my experiences as a dairy veterinarian and farm business and transition consultant, I've been asked to discuss 5 important concepts to keep in mind as you consider the transition plan for your dairy farm.

**1. A good farm transition plan recognizes the fact that the process of transitioning between generations can take anywhere from a few years to a couple of decades.** It generally is not a sudden event in which everything is transferred at one time, although sometimes it is forced by circumstances. The transition includes not only the transfer of the various assets of the operation, but also management know-how and responsibilities. Each generation involved is shifting from one stage of life to a different stage of life, which can take some time to deal with.

**2. Many farm transitions occur in a stepwise manner due to the scale of assets to be transferred, along with the associated debt obligations.** It is just too much to take on at one time to transfer everything at once. Although many different routes can be taken, many dairy operations start with the transfer of livestock, followed by or coinciding with machinery, and finally getting to the transfer of real estate assets once the other debts are taken care of. Because of this, it is important to start transferring assets quite a few years before wanting to ultimately transfer the farm's real estate.

**3. A farm that is already profitable and properly scaled with functional facilities is easier to develop a transition plan for.** There oftentimes needs to be a certain amount of unused debt capacity available to accomplish the transfer of assets, as well as providing for the retirement needs of the older generation. A low-profit farm that is under scaled needs funds for modernization or is required to transfer at market value to support the

older generation can be a huge hurdle for continuing the farm into the next generation. Put effort into addressing these concerns at least a few years before the intended transfer date to adjust the business plan of the farm.

**4. Communication and engagement between family members is probably the most important factor in successful farm transitions.** As you can see from the above list, this process is not usually a short conversation that just happens then everything is solved. It is a process that should include all relevant family members. All should be involved from the beginning of the planning process, so all ideas, goals and concerns of family members are considered. Doing this is important for the buy-in of everyone involved, versus just giving an ultimatum from one person's perspective about how it will happen. I have been called into many situations when that approach has not worked well at all. It is also a good idea to maintain good communications with non-farming family members through the process. Even though they may not be involved in the family business, they are still in the family and can feel rejected otherwise. That is not what most families I work with want to happen.

**5. Assistance is available! Nobody can do all of this themselves.** People and resources are available to help with facilitated family discussions, business planning, feasibility studies, tax and financial planning, and securing lending and legal help to put everything in place. The Center for Dairy Excellence has various grant programs available to assist with hiring consultants and teams of advisors as well as personnel to directly assist you. In addition, Penn State Extension, various lending organizations and private consultants of all kinds are available to help. If you are not sure where to start, please reach out to Melissa Anderson with the Center for Dairy Excellence at 717-346-0849 or manderson@centerfordairyexcellence.org, and she will help guide you to the resources that are appropriate for your situation.

Good luck to you in this planning season!



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## CME DAILY FUTURES & OPTIONS TRADING — JAN. 29, 2025 AT THE CLOSE

JAN-25	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	JUL-25	AUG-25	SEP-25	OCT-25	NOV-25	DEC-25	TREND											
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Jan firm; Feb-Apr up \$0.80-1.30; May-Jun up \$0.30-0.60; Jul-Sep up \$0.10-0.20; Oct-Nov dn \$0.05-0.10; Dec firm.												12-Month Avg. 19.36	↑↑										
20.29	20.30	19.96	19.67	19.54	18.84	19.00	19.06	19.10	19.03	18.82	18.75	↑↑											
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Jan steady; Feb-Jun dn \$0.30-0.50; Jul-Dec weak to \$0.10, mostly \$0.05 lower.												12-Month Avg. 20.37	↓↓										
20.86	20.34	20.05	20.10	20.49	19.90	20.32	20.40	20.50	20.60	20.55	20.30	↓↓											
SIS (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																							
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	19.27	18.75	20.20	19.76	20.58	20.17	20.25	19.64
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	17.60	17.60	18.72	18.72	19.07	19.07	17.30	17.30
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	1.67	1.15	1.48	1.04	1.51	1.10	2.95	2.34

CORN FUTURES (\$/BU)															
MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	MAR-26	MAY-26	JUL-26	SEP-26	DEC-26	MAR-27	JUL-27	TREND			
4.962	5.062	5.076	4.690	4.662	4.766	4.832	4.866	4.666	4.646	4.764	4.840	↑↑			
SOYMEAL FUTURES (\$/TON)															
MAR-25	MAY-25	JUL-25	AUG-25	SEP-25	OCT-25	DEC-25	JAN-26	MAR-26	MAY-26	JUL-26	AUG-26	TREND			
309.5	317.7	325.1	326.5	326.7	326.5	329.3	329.9	329.4	330.3	332.5	N/A	↓↓			
U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report															
SEP-23	OCT-23	NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	*DEC-24
238.50	217.82	240.41	231.70	254.85	224.50	205.02	220.17	175.00	211.69	185.21	196.44	199.57	206.63	192.20	*184.82

DMC	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	AUG-24	SEP-24	OCT-24	*NOV-24	
ALL MILK	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	13.72	15.57	15.17	*14.29	↓↓
FEED \$	13.88	13.24	12.56	12.16	12.12	12.16	11.62	11.16	11.05	10.90	11.48	11.14	10.47	9.88	9.93	10.03	* 9.91	↓↓

DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction (\$/LB) 01/21/25	U.S. CME SPOT DAILY (\$/LB) 01/29/25	U.S. WEEKLY USDA NDPSR (\$/LB) WK ENDING 01/25/25*
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to \$/LB	Prev. 5 day Lds	FMMO PROD
NEXT GDT AUCTION 02/04/25	Spot price	MIL. LBS
ALL-PRODUCT INDEX 1.8800↑↑ 1.4%	Weekly Avg	WTED AVG \$
BUTTER 3.0008↑↑ 0.6%	NFDN 14.5 1.3467↑↑ 1.3450↑↑	NFDN 14.5 1.3639↑↑
MILK FAT (AMF) 3.0000↑↑ 7.8%	BUTTER 24 2.4600↑↑ 2.4967↑↑	BUTTER 2.7 2.6016↑↑
BUTTERMILK POWDER N/A	CHEDDAR-40 20 1.9300↑↑ 1.8967↑↑	CHEDDAR-40 8.8 1.9429↑↑
LACTOSE 0.4052↑↑ 0.8%	CHEDDAR-500 12 1.8650↑↑ 1.8567↑↑	CHEDDAR-500 12.2 1.9002↑↑
	DRY WHEY 4 0.6900↑↑ 0.6950↑↑	DRY WHEY 5.4 0.7307↑↑

ANNOUNCED FEDERAL ORDER PRICES (\$/CWT) NASS ALL-MILK	CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW
*CL I ADV↑↑ CL II ↓↓ CL III ↓↓ CL IV ↓↓ ALL-MILK-U.S. ALL-MILK-PA	*WEIGHTED AVG. 4-WK DEC. 1-28, 2024
*21.27(FEB) 21.28(DEC) 18.62(DEC) 20.74(DEC) 24.20(NOV)↓ 25.00(NOV)↓	PRODUCT VALUE MAKE ALLOW NET
20.38 21.52 19.95 21.12 25.20 4.26F 25.40 4.21F	CHEESE 1.7608 0.2003 1.5605 ↓↓ PROT 1.9637 ↓↓
17.99 19.98 16.04 19.23 21.60 4.31F 23.20 4.24F	BUTTER 2.5748 0.1715 2.4033 ↓↓ B.FAT 2.9104 ↓↓
	NFDN 1.3952 0.1678 1.2274 ↑↑ N.FAT 1.2151 ↑↑
	DRYWHEY 0.6353 0.1991 0.4362 ↑↑ OTHER 0.4493 ↑↑

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
NOV-23 DEC-23 JAN-24 FEB-24 MAR-24 APR-24 MAY-24 JUN-24 JUL-24 AUG-24 SEP-24 OCT-24 NOV-24 *DEC-24	
2108 N/A 1635 N/A N/A N/A 2115 2016 N/A N/A 2800 N/A 2250 N/A	
1830 1988 N/A 1792 N/A N/A 2120 2254 1624 N/A N/A 2800 2489 N/A	

CATTLE - DAIRY PURPOSES (\$/HD) USDA and other East and Midwest auction reports combined 4-week rolling average as of JAN. 24, 2025	FED STEERS (\$/CWT LIVE)	BULL CALVES: No. 1 & 2, 90-130 lbs
*MILK COWS (NASS) U.S. Avg. \$2600 OCT-24 ↑↑ \$2360 JUL-24	Choice & Prime 1250-1550 lb	70-85 lbs
FRESH HEIFERS: Springing Bred Beef x OPEN: 300-600 lbs Beef X 600-900 lbs Beef X 900-1100 lbs	171.00↑↑ 201.25↑↑	675.00↑↑ 1060.00↑↑
\$1850 OCT-23 \$1760 JUL-23 1975 2000 1800 1400 700 N/A 975 N/A 1350 1150	175.00↑↑ 900.00↑↑	550.00 1000.00
PA Auction Markets Jan. 23-28, 2025		
CULL MARKET COWS (\$/CWT LIVEWEIGHT)		
Premium White Breakers Boners Lean		
138.75↑↑ 135.10↑↑ 127.35↑↑		
WEEK AGO 129.35 128.50 120.50		
YEAR AGO 107.00 101.35 95.25		



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