

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — FEB. 8, 2023 — except where noted



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**PMVAP Round 2:** In a press release dated January 23, 2023, the USDA announced that it was issuing a second round of payments through the Pandemic Market Volatility Assistance Program (PMVAP) using the \$100 million that went unspent during the first round of payments. Furthermore, it was announced that up to \$100 million would be allocated to the Farm Service Agency (FSA) to implement a new Organic Dairy Marketing Assistance Program (ODMAP) using Commodity Credit Corporation funds remaining from other pandemic assistance programs. ODMAP aims to help smaller organic dairy farms that have been confronted with unique challenges and higher costs that have been compounded by the ongoing pandemic and drought conditions over the past several years.

pooled milk and Class I fluid sales. Each milk handler pools different amounts of milk each month and has a different amount of fluid milk sales each month, so a standardized estimated payment is not possible to calculate. Milk handlers will provide AMS with the required pooled and financial data and then AMS will determine how much money the individual milk handler has to distribute among its producers. AMS has now contacted eligible milk handlers with eligible producers to notify them of the opportunity to participate. No tentative date has been set for scheduled payments.

The original PMVAP program, implemented by the Agricultural Marketing Service (AMS) arm of the USDA, provided \$350 million in funds to help dairy farmers recoup some of the financial losses realized during July – December 2020 caused by unusual market conditions that resulted from the COVID-19 pandemic. The original eligible annual milk production was capped at 5 million pounds. Once payments went out and the auditing process was concluded last year, the 5-million-pound cap resulted in unused funds.

According to the USDA press release, the first round of PMVAP provided over \$250 million in payments to more than 25,000 dairy farmers. These dairy farmers received the full allowable reimbursement on fluid milk sales up to the 5-million-pound cap. However, preliminary data shows that the increased production cap will result in a higher payment than what the \$100 million will cover. If this becomes reality, available funds will be equitably distributed among all milk handlers that have eligible dairy farmers.

In an effort to help mid-sized dairies and to use the remaining funds, the cap was increased to between 5 million and 9 million pounds of annual production. Payments will be calculated identically to the first round of payments— 80% of the revenue difference per month on fluid milk sales from 5 million to 9 million pounds from July through December 2020. The USDA will again distribute monies through agreements with independent milk handlers and milk cooperatives.

There are not many details currently available for the new ODMAP program. The program is intended to help organic dairy farmers with up to 75% of their future projected marketing costs in 2023, based on national estimates of marketing costs. Organic dairy farmers will need to apply for ODMAP assistance through their local FSA office and will be paid based on a national per hundredweight payment. Applications are not yet available as the program is still in development. Payments will be capped at the first 5 million pounds of anticipated production. Details on ODMAP will be updated and posted to the FSA's website – www.farmers.gov – as they become available. You can also contact your local FSA office for the latest details about the program.

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 — FEB. 8, 2023 AT THE CLOSE

	FEB-23	MAR-23	APR-23	MAY-23	JUN-23	JUL-23	AUG-23	SEP-23	OCT-23	NOV-23	DEC-23	JAN-24	TREND			
<b>CLASS III MILK FUTURES</b> (\$/CWT) vs. week ago: <i>Feb-Mar steady to \$0.10 lower, Apr-Aug steady-\$0.15 higher, Sep-23-Jan24 \$0.10-0.30 higher.</i>	17.81	17.62	18.01	18.45	18.88	19.25	19.63	19.85	20.00	19.90	19.66	19.10	12-Month Avg. 19.01↑↑			
<b>CLASS IV MILK FUTURES</b> (\$/CWT) vs. week ago: <i>Feb firm, Mar-Aug \$0.30-0.50 higher, Sep-Dec23 \$0.05-0.10 higher; Jan24 off \$1.00</i>	18.76	18.66	18.83	19.04	19.41	19.56	19.70	19.75	19.80	19.80	19.79	18.70	12-Month Avg. 19.32↑↑			
<b>CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium</b>	17.75 0.05	17.50 0.429	18.00 0.64	18.50 0.79	19.00 0.96	19.25 0.97	19.50 1.05	19.75 1.10	19.75 1.11	20.00 1.32	19.75 1.34	19.00 1.19				
<b>MILK BASIS (\$/CWT) — PA BASIS &amp; 2016-19 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)</b>	PA 0.62	1.53	2.29	1.82	1.58	0.99	1.03	0.95	0.79	0.60	0.79	1.17				
<b>*AVG 1.67 2.55 2.15 1.66 1.45 1.25 1.31 1.15 0.67 0.74 1.38 0.85</b>																
<b>DMC OFFICIAL GROSS MARGINS per cwt(USDA All-Milk, com, alfalfa &amp; Ill. soybean, feed for ALL CLASSES of dairy cattle on farm) Updated with NEW prem. alfalfa feed cost</b>																
<b>DMC</b>	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	OCT-22	NOV-22	*DEC-22	
	8.54	9.14	9.53	11.54	10.98	11.55	12.29	12.51	11.92	9.92	8.08	8.62	10.71	10.89	*9.76	↓↓

U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report																
	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	OCT-22	NOV-22	DEC-22	*JAN-23
	256.09	262.84	242.90	270.34	253.80	278.02	280.00	322.00	321.17	312.50	308.17	290.70	300.10	289.50	296.50	*266.60
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report																
	1018	1062	1152	1151	1237	1253	1390	1278	1184	1350	1407	1265	1310	1290	1300	*1250

CORN FUTURES (\$/BU)													
	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	MAR-25	MAY-25	TREND
	6.784	6.762	6.652	6.102	5.954	6.024	6.056	6.050	5.636	5.522	5.576	5.592	↓↓
WEEK AGO													
	6.810	6.794	6.680	6.106	5.962	6.032	6.062	6.052	5.654	5.542	5.604	5.620	

SOYMEAL FUTURES (\$/TON)													
	MAR-23	MAY-23	JUL-23	AUG-23	SEP-23	OCT-23	DEC-23	JAN-24	MAR-24	MAY-24	JUL-24	AUG-24	TREND
	481.9	469.6	461.5	446.2	427.8	413.4	411.1	407.0	399.1	394.9	393.6	390.1	↑↑
WEEK AGO													
	484.7	469.4	458.1	440.1	418.9	402.3	399.9	396.3	390.1	386.4	385.0	381.5	

*NEW PA MILK MARGIN & IOFC—LATEST PSU VALUES — *DEC 2022				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 02/08/23								SPOT CASH TREND		
FEED =	FEED COST	IOFC (\$/COW	PA MILK MARGIN	FEB	MAR	APR	MAY	JUN	JUL	AUG			02/08/23	
\$/CWT.	(\$/CWT milk)	@ 75 lbs milk)	(\$/CWT milk)	NFDM	1.255	1.229	1.237	1.255	1.270	1.293	1.306	↑↑	1.2350	↑↑
IOFC =	*DEC (estimated)	*9.45↑↑	*12.04↓↓	WHEY	0.382	0.379	0.381	0.390	0.395	0.400	0.415	↑↑	0.4300	↑↑
\$/COW	PREV MO	9.22	13.01	BUTTER	2.389	2.425	2.450	2.492	2.499	2.500	1.512	↑↑	2.3950	↑↑
	YR AGO	8.51	10.34	CHEESE	1.839	1.817	1.851	1.893	1.943	1.974	2.008	↓↓	See Below	
	Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price													
	CME SPOT CHEESE: BARRELS 1.5700 / 40 LB BLOCKS 1.8725 ↓↓ / ↓↓													

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)								*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	JAN. 1-28, 2023	PRODUCT	VALUE	MAKE ALLOW	NET	*JAN 2023 COMPONENTS			
20.78(FEB)	21.61(JAN)	19.43(JAN)	20.01(JAN)	24.70(DEC)↓	25.50(DEC)↓			CHEESE	1.9767	0.2003	1.7667	↓	PROT	2.8058	↑↑
MONTH AGO								BUTTER	2.4599	0.1715	2.2884	↓	B.FAT	2.7713	↓↓
22.41	23.11	20.50	22.12	25.60	4.23F	26.60	4.12F	NFDM	1.3662	0.1678	1.1984	↓↓	N.FAT	1.1864	↓↓
YEAR AGO								IDRYWHEY	0.4266	0.1991	0.2275	↓	OTHER	0.2343	↓↓
19.71	22.83	20.38	23.09	21.80	4.20F	22.30	4.11F								

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. Feb. 1, 2023 sale New Holland, PA)														
COWS: Fresh Bred Springing *HEIFERS: Bred Springing Beefx Open: 300-600 lbs Beef X 600-900 lbs Beef X 900-1100 lbs BULLS(900+ lbs)														
	1465	1400	LTD 1490	1245	1335	825	525	LTD	N/A	735	LTD	N/A	N/A	1050
WEEK AGO COMPARISON														
	1325	1150	N/A	1275	1200	850	1055	500	1025	N/A	1175	N/A		

FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)				CURRENT Beef X WEEK AGO YR AGO			
Choice & Prime	1250-1550 lbs light test	130.00		130.00		113.85	NC
BULL CALVES: No. 1 & 2, 90-130 lbs				120.00	310.00	165.00	300
70-85 lbs				115.00	250.00	165.00	335

Price averages do not include lower-end common

Average to high dressing

Premium White	Breakers	Boners	Lean
97.60↑↑	88.50↑↑	73.35↑↑	
WEEK AGO			
N/A	81.50	76.10	71.85
YEAR AGO			
N/A	78.75	71.60	65.50

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