

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — OCT. 9, 2024 — except where noted



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The dock worker strike, agriculture, and automation: Many of us breathed a sigh of relief late last week when East Coast dock workers ended their strike and went back to work. They ended the strike after they reached a tentative agreement with port owners on wages. During the strike, grocery stores saw panicked shoppers emptying shelves, while business owners found their supplies and products stranded on the docks. Quite literally, everything stopped. The situation punctuated how important communications and consensus between employers and their workforce can be to any business' ability to meet its goals.

If prolonged, the strike would have had a devastating impact on many supply chains, including dairy. In 2023, more than 530,000 20-foot equivalent units of dairy products were shipped through the East and Gulf ports. Those shipments were valued collectively at \$1.7 billion and represented about 21% of the nation's dairy exports. Each week the strike continued would have directly jeopardized \$32 million in dairy exports. The strike also would have had indirect consequences, with shipments being rerouted across the country, driving up transportation costs for suppliers.

The strike lasted about three days. In a CBS news article, American Farm Bureau economist Daniel Munch estimated that a three-to-five-day strike could take up to two weeks to clear, while a two-week strike could take two months to clear. About 85% of the imported canned foods, 80 percent of the chocolate, and 75% of the bananas sold in the US are offloaded in the affected ports. On the export side, Munch estimated that about 14% of all U.S. waterborne agricultural exports, by volume, would have been at risk.

Another article from NBC News reported that a contentious issue for the International Longshoremen's Association, the worker's Union leading the strike, was automation at the ports where the strike occurred. The workers' Union wants to see restrictions on automation and semi-automation at port terminals clearly outlined and enforced. If an agreement on that issue cannot be reached within the next 100 days, another strike could occur. The Union's primary concern with the automation is that it could replace Union jobs over time.

Moving toward automation can be seen in agriculture as well, with farm laborers becoming harder to find and even harder to replace. Wag-

es for farm workers continue to rise as well, with the latest statistics showing farm wages increasing 4% annually from 2015 to 2022 compared to a less than 1% increase annually from 2000 to 2014. In most parts of Pennsylvania, dairy farms find themselves competing for workers with warehouse and other industries that are paying an average of \$18 or more an hour.

The drive toward efficiency is also pushing more and more automation on the farm. With margins on the farm continuing to shrink because of increasing costs, more farms are looking at automation way to ensure consistency in protocols and enhance their operation to improve yields. Automation also can help alleviate human error and ensure worker safety.

On a dairy, things like temperature-controlled fans, misters and curtains, or robotic feed pushers are becoming more and more common to meet the cows' needs more quickly. Feed tracking systems and robotic feed systems are being incorporated to prevent overrun in the ration or shortages within feed inventories. Activity monitoring systems are being added to better track cows in heat or those who are off feed, leading to early detection of illnesses and better reproductive success.

Whether it's in agriculture or throughout our society, automation and technology will continue to play an important role in our future. However, the East Coast dock worker strike does shed light on the challenge any business owner has in finding the right balance between maintaining a competent, committed workforce and incorporating automation into their operation. It seems like the best solution in any industry would be using automation to make it easier and safer for your employees while adding consistency and efficiency to your overall operation. What that looks like is going to be different for every industry and every business.

If you are interested in adding more automation to your business, you may benefit from the Ag Innovation Grant that is available through the Pennsylvania Dept. of Agriculture. The Commonwealth allocated \$10 million to support innovation on farms and ag businesses across the state. The application period runs until Nov.15, 2024. Search "Pennsylvania Agricultural Innovation Grant" to find more information online.

Prices change daily. This market information is an example for educational purposes. The market data shown below are compiled weekly by Farmshine, via CME & USDA reports.

CME DAILY FUTURES & OPTIONS TRADING — OCT. 9, 2024 AT THE CLOSE

	OCT-24	NOV-24	DEC-24	JAN-25	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	JUL-25	AUG-25	SEP-25	TREND												
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Oct-Dec24 down \$0.40-1.10; Jan25 steady; Feb-Sep25 down \$0.10-0.30.													12-Month Avg. 19.98												
	22.59	21.18	20.68	20.27	19.73	19.50	19.26	19.22	19.25	19.27	19.36	19.50	↓												
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Across the board \$0.05-0.15, spots \$0.25 lower.													12-Month Avg. 21.21												
	21.13	21.06	20.96	20.90	21.13	21.09	21.18	21.25	21.40	21.40	21.49	21.48	↓												
MILK BASIS (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																									
Mailbox	20.20	19.76	20.58	20.17	20.25	19.64	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	
Class III	18.72	18.72	19.07	19.07	17.30	17.30	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	18.16	17.59	17.59	17.60	17.60
BASIS	1.48	1.04	1.51	1.10	2.95	2.34	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	

	DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	MAR-26	MAY-26	JUL-26	SEP-26	DEC-26	JUL-27	TREND						
CORN FUTURES (\$/BU)	4.210	4.386	4.472	4.532	4.482	4.534	4.640	4.696	4.734	4.600	4.602	4.770	↓						
SOYMEAL FUTURES (\$/TON)	332.5	321.2	320.3	320.9	322.9	326.3	326.8	326.8	325.9	328.2	328.9	328.9	↓						
U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report																			
JUN-23	244.27	254.92	243.50	238.50	217.82	240.41	231.70	254.85	224.50	205.02	220.17	175.00	211.69	185.21	196.44	196.44	*SEP-24	199.57	↑

DMC	APR-23	MAY-23	JUN-23	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
DMC OFFICIAL GROSS MARGINS per cwt(USDA All-Milk, com, alfalfa & Ill. soybean, feed for ALL CLASSES of dairy cattle on farm)	5.84	4.83	3.65	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
ALL MILK	20.70	19.30	17.90	17.40	19.70	21.00	21.60	21.70	20.60	20.10	20.60	20.70	20.50	22.00	22.80	22.80	23.60
FEED \$	15.02	14.86	14.47	14.25	13.88	13.24	12.56	12.16	12.12	12.16	11.62	11.16	10.90	11.48	11.14	10.47	9.88

DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction (\$/LB) 10/01/24	U.S. CME SPOT DAILY (\$/LB) 10/09/24	U.S. WEEKLY USDA NDPSR (\$/LB) WK ENDING 10/05/24*
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to \$/LB	Prev. 5 day Dly	FMMO PROD
NEXT GDT AUCTION 10/15/24	Spot price	MIL. LBS
SKIM POWDER (SMP) 1.2681 ↑ 0.6%	Weekly Avg	WTED AVG \$
BUTTER 2.9070 ↓ 1.4%	NFD	MIL. LBS
ALL-PRODUCT INDEX ↑ 1.2%	19	17.5
MILKFAT (AMF) 3.2727 ↓ 0.1%	1.3550NC	17.5
BUTTERMILK POWDER 1.4837 ↑ 5.0%	2.6500 ↓ 2.6800 ↓	4.8
MOZZARELLA (BULK) 2.2505 ↓ 7.7%	73	2.9008 ↓
WHOLE POWDER (WMP) 1.6148 ↑ 3.0%	8	2.2578 ↓
	8	10.2
	3	12.5
	9	7.1
		0.5461 ↑

ANNOUNCED FEDERAL ORDER PRICES (\$/CWT) NASS ALL-MILK				CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW			
CL I ADV ↑	CL III ↑	CL IIII ↑	CL IV ↑	ALL-MILK-U.S.	ALL-MILK-PA	WGTED AVG. 4-WK SEPT. 1-30, 2024	SEPT. 2024
23.17(OCT)	22.40(SEP)	23.34(SEP)	22.29(SEP)	23.60(AUG) ↑	24.10(JUL) ↑	PRODUCT VALUE	MAKE ALLOW NET
				4.09F	4.00F	CHEESE	2.2882
						BUTTER	3.1537
						NFDM	1.2899
						DRYWHEY	0.5321

U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report												
AUG-23	1540	1500	1741	2108	N/A	1635	N/A	N/A	2115	2016	N/A	*2800
SEP-23	1634	1643	1830	1988	N/A	1792	N/A	2120	2254	1624	N/A	*2800

U.S. AVG. MILKING COWS per head as reported by USDA Monthly National Dairy Comprehensive Report												
AUG-23	1540	1500	1741	2108	N/A	1635	N/A	N/A	2115	2016	N/A	*2800
SEP-23	1634	1643	1830	1988	N/A	1792	N/A	2120	2254	1624	N/A	*2800

CATTLE - DAIRY PURPOSES (\$/HD) USDA and other East and Midwest auction reports combined 4-week rolling average as of SEPT. 30, 2024											
*MILK COWS (NASS) U.S. Avg.	FRESH	HEIFERS: Springing	Bred	Beef x	OPEN: 300-600 lbs	Beef X	600-900 lbs	Beef X	900-1100 lbs	BULLS (800-1300 lbs)	
\$2360 JUL-24 ↑	\$2120 APR-2	3100	2650	2000	2200	900	1500	1400	N/A	2000	1800
\$1760 JUL-23	\$1720 APR-23	1475	1700	1400	1400	650	N/A	1000	N/A	1000	1100

PA Auction Markets Oct. 3-8, 2024				FED STEERS (\$/CWT LIVE)				BULL CALVES: No. 1 & 2, 90-130 lbs			
Premium White	Breakers	Boners	Lean	Choice & Prime 1250-1550 lb	156.25 ↑	NO TEST	154.25	181.75	137.25	N/A	
				70-85 lbs	500.00 ↑	850.00 ↑	475.00NC	980.00 ↑	475.00	850.00	355.00

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