

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — OCT. 13, 2021 — except where noted



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Business Planning Roundtables: Each fall, the Center for Dairy Excellence hosts a series of roundtable meetings across the state. With the first of those meetings less than a month out, now is a good time to explain what the topic of discussion will be this fall. The Center is partnering with Penn State Cooperative Extension Dairy team to host the roundtables, providing participants the opportunity to learn why having a business plan is important and how to get started. If you have dairy farm clients, this will be an excellent opportunity for you to learn how you can begin working through the process with them.

What is a business plan and why is having one important? A business plan is a written document that describes in detail the history of the business, defines its objectives, and lists short- and long-term goals as well as how it is going to achieve those goals. A business plan written correctly will allow the reader to fully understand your operation from its history to its goals for the future. It will also serve as a guide for sound decision making for the owners/operators to help meet the goals set forth within the plan. If business plan objectives include things like expansions or diversifying that require loans, a well-written plan including current financial analysis and an expected analysis once the change is in place, can help prove to lenders that all aspects of the change have been considered. They will know that if the investment is made that it will make a positive impact on the dairy operation and the change will pay for itself. This can drastically improve the chances that the lender will be willing to loan the money and help the improvement become reality.

Using a business planning template adapted from Dennis Stein, District Farm Management Educator, with Michigan State University Extension, the PSU Dairy Extension Team says there are 9 essential parts. Some of these will take time to complete in more than one sitting. This is a process that takes time to get right. Build time into the process for brainstorming and contemplation of the ideas developed, and then time to finalize those decisions into the document. Some of the 9 essential parts include the history of the operation and an overview of the current situation, mission and vision statements, goals, marketing situation, and even transition or planned exit strategies. A good

plan is one that must be re-evaluated periodically to make sure the mission and vision are being met. As goals are met, they can be checked off the list and new goals updated to keep the operation going in the direction determined by the business plan. Remember, it is a roadmap to stay on track, but it is not so rigid that it cannot be changed as situations or goals change.

Members of the Penn State Cooperative Extension Dairy Team and Center staff will be present at each roundtable. There are a series of 6 across the state. Each meeting will last about two and half hours and will include a meal followed by the business planning discussion. The program is designed to encourage interaction with discussion leaders and participants to learn from each other and bounce ideas off one another. Participants will be provided with an example plan to use as a guide and a template to use to get started on writing a plan. The roundtable meetings are free, and registration is requested. You may register for the roundtable nearest you online by visiting www.centerfordairyexcellence.org/roundtable or by calling Heidi Zimmerman at 717-346-0879.

CDE Fall Business Planning Roundtables

November 5, 2021: 8:30-11 a.m. , Lancaster Farm & Home Center 1383 Arcadia Road Lancaster, PA 17601
November 9, 2021: 8:30-11 a.m. , Good Will's Restaurant 24 Weaver Lane Milton, PA 17847
November 9, 2021: 1-3:30 p.m. , Lambs Creek Food & Spirits 200 Gateway Drive Mansfield, PA 16933
November 16, 2021: 8-10:30 a.m. Bistro at the Village Green 403 Village Way Martinsburg, PA 16662
November 16, 2021: 1-3:30 p.m. , Hoss's Steak and Sea House Grove City, PA 16127
November 18, 2021: 12-2:30 p.m. , Hoss's Steak and Sea House 20 Falling Spring Road Chambersburg, PA 17202

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 — OCT. 13, 2021 AT THE CLOSE

	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	TREND
CLASS III MILK FUTURES (\$/CWT) vs. week ago: Current month \$0.40 lower, Nov-Dec \$0.20-0.40 higher; 2022 steady-\$0.10 higher 12-Month Avg. 18.13 ↑↑	17.88	18.85	18.38	17.93	17.95	17.95	17.99	18.05	18.10	18.12	18.21	18.17	↑↑
CLASS IV MILK FUTURES (\$/CWT) vs. week ago: sCurrent month \$0.10 higher, rest of board \$0.25-0.75 higher 12-Month Avg. 17.93 ↑↑	16.95	17.90	18.29	18.06	18.00	18.02	18.09	18.05	18.00	17.96	17.95	17.92	↑↑

HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED

19.97 05/21	19.66 05/21	19.29 05/21	18.95 05/21	18.42 04/21	18.21 05/21	18.16 05/21	18.21 05/21	18.19 05/21	18.25 05/21	17.95 05/21	17.98 09/21		
14.50 03/20	14.21 03/20	14.19 03/20	14.50 03/20	14.25 03/20	14.70 03/20	14.85 03/20	14.75 03/20	14.71 03/20	14.62 03/20	14.69 03/20	14.92 03/21		

MILK BASIS (\$/CWT) — PA BASIS & 2016-19 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA	0.60	0.79	1.17	0.62	1.53	2.29	1.82	1.58	0.99	1.03	0.95	0.79
*AVG	0.74	1.38	0.85	1.67	2.55	2.15	1.66	1.45	1.25	1.31	1.15	0.67	

DMC OFFICIAL GROSS MARGINS per cwt. (USDA All-Milk, com/alfalfa hay & Illinois soybean prices, feed for all classes of dairy cattle on the farm)	DMC	JUNE-20	JULY-20	AUG-20	SEP-20	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	APR-21	MAY-21	JUN-21	JUL-21	*AUG-21	TREND	
		9.99	12.41	10.83	9.40	11.13	11.87	8.78	7.14	6.22	6.46	6.94	6.89	6.24	5.68	*5.25	↓↓

U.S. AVG MILK MARGIN per 100 lbs milk based on 75-lb herd avg & USDA's All-Milk price, USDA-reported com & alfalfa hay & Ill. soybean prices (lactating feed only)	MAY-20	JUN-20	JUL-20	AUG-20	SEP-20	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	JUL-21	*AUG-21	TREND
	8.06	12.59	15.04	13.43	12.33	14.44	15.47	12.51	11.25	10.51	10.66	11.31	11.53	10.77	10.09	*9.68	↓↓

PA AVG MILK MARGIN per 100 lbs milk based on 75-lb herd average and USDA's PA All-Milk price, USDA com & alfalfa hay & Buff., NY soybean prices (lactating feed only)	MAY-20	JUN-20	JUL-20	AUG-20	SEP-20	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	JUL-21	*AUG-21	TREND
	6.79	9.44	12.67	11.10	10.91	11.31	12.36	10.53	8.56	8.15	9.24	9.37	9.76	10.20	9.79	*9.40	↓↓

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	DEC-21	MAR-22	JUL-22	Example Daily Strike Price / Premium	DEC-21	MAR-22	MAY-22				
18.00 0.14	18.75 0.37	18.50 0.80	18.00 0.86	18.00 0.93	18.00 0.97	18.00 1.02	18.00 1.03	18.00 1.03	18.00 1.05	18.25 1.16	18.25 1.22

CORN (\$/BU) OPTIONS — CALLS	DEC-21	MAR-22	JUL-22	Example Daily Strike Price / Premium	DEC-21	MAR-22	MAY-22				
4.85 32.70	5.00 37.40	5.50 32.20	5.70 02.30	6.80 02.00	7.50 04.00	280 32.20	280 38.25	290 35.10	325 03.45	350 04.50	380 03.45

CORN FUTURES (\$/BU)	DEC-21	MAR-22	MAY-22	JUL-22	SEP-22	DEC-22	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	JUL-24	TREND
	5.122	5.220	5.280	5.302	5.176	5.146	5.212	5.230	5.222	4.906	4.814	4.900	↓↓

SOYMEAL FUTURES (\$/TON)	OCT-21	DEC-21	JAN-22	MAR-22	MAY-22	JUL-22	AUG-22	SEP-22	OCT-22	DEC-22	JAN-23	MAR-23	TREND
	313.4	311.7	313.8	316.6	320.2	324.0	324.8	325.6	324.9	326.8	327.1	325.0	↓↓

*NEW PA MILK MARGIN & IOFC—LATEST PSU VALUES — *AUG 2021	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)
	*AUG (estimated) 9.33 ↑↑	7.05 ↓↓	9.40 ↓↓

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 10/13/21	OCT	NOV	DEC	JAN	FEB	MAR	APR	SPOT CASH 10/13/21	TREND
NFDM	1.358	1.445	1.491	1.491	1.470	1.455	1.441	↑↑	1.4850 ↑↑
WHEY	0.546	0.576	0.575	0.571	0.567	0.565	0.550	↑↑	0.6000 ↑↑
BUTTER	1.762	1.808	1.812	1.781	1.785	1.830	1.855	↑↑	1.8200 ↑↑
CHEESE	1.774	1.857	1.803	1.765	1.768	1.773	1.774	Mixed	See Below

*USDA JUNE-21 NEW *ALL-MILK BF *MAILBOX	*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	CL I ADV↑↑	CL II↑↑	CL III↑↑	CL IV↑↑	ALL-MILK-U.S.	ALL-MILK-PA
		17.08(OCT)	16.89(SEP)	16.53(SEP)	16.36(SEP)	17.70(AUG)↓	18.40(AUG)↓

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. OCT. 6, 2021 sale New Holland, PA)	COWS: Fresh	Bred	Springing	HEIFERS: Bred	Springing	Beef x	Open: 300-600 lbs	Beef X	600-900 lbs	900-1000 lbs	BULLS(1100-1300 lb)
	1125	N/A	1030	800	1100	700	460	N/A	750	830	600LTD

FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)	Choice & Prime 1250-1550 lbs light test	94.10	108.50	76.50
BULL CALVES:	No. 1 & 2, 90-130 lbs	95.00	105.00	90.00
	70-85 lbs	80.00	215.00	100.00

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