

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — OCT. 19, 2022 — except where noted



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Crop Progress and Estimates: It's that time of year again. Most of Pennsylvania, if not all of the state, has seen at least a light frost over the last week or two. I have mostly oak trees in my yard, and the leaves on these trees generally turn brown. With some yellow hickory leaves, and yellow, orange, and red maple trees, a lone white pine and other tree varieties that still have green leaves, the contrast of colors is something I look forward to each year. As I drive through the state, I see combines running, fields with only fodder left behind, and some that have obviously been drilled with some small grain to be harvested next spring. How far along is the 2022 harvest and what are inventory projections through the 2022/2023 crop year?

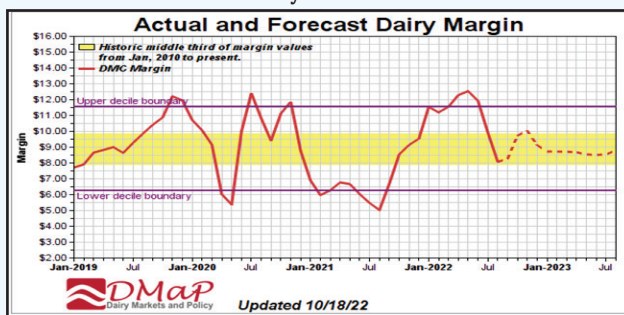
According to the October 17 Crop Progress report, 94% of the U.S. corn crop in the 18 top producing states is mature, which is basically even with the 92%, five-year average. The top 18 states represent 92% of total U.S. corn production. 45% of the corn crop has been harvested, which is five percentage points higher than the 40%, five-year average. Pennsylvania has only harvested 17% of its corn crop, well below the 31%, five-year average. The October 12 World Agricultural Supply and Demand Estimates (WASDE) report projected a 3.5% decline in production compared to last month's report to 13.895 billion that resulted from an estimated 3% decline in yield to 171.9 bushels per acre. Overall demand for corn is expected to increase over the next year, resulting in a projected average corn cost of \$6.80 per bushel, 5 cents more than projected in the September report.

Like corn, the top 18 soybean states included in the Crop Progress report represent most of the national crop at 96% of total acres planted. Pennsylvania data is not included in the individual state breakdown as it does not make the list of top 18. Soybean maturation across the country is slightly ahead of the five-year average at 96% of soybean plants dropping leaves compared to 94%. Since more soybeans are mature compared to a year ago and perhaps dryer weather, 62% of the bean crop has been harvested compared to the 52%, five-year average. The WASDE report projects lower yield, thus less soybean production this year. Soybean production was adjusted down by 65 million bushels to 4.3 billion bushels total. This is because of an estimated 1.3% yield reduction of 0.7 bushels to 49.8 bushels

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

per acre. Soybean usage, crop year to date, is down and soybean demand is projected lower through next year. This has partially offset the projected production declines and has resulted in a 35 cents reduction in soybean price to \$14 per bushel compared to the September report. The demand for soybean oil is projected to be up during the upcoming year compared to last year. Having a higher soybean crush rate results in more oil extruded soybeans available for soybean meal (SBM) production. However, increased domestic and export demand for SBM is expected. This offsets the increased production to hold the price unchanged for the 2022/2023 usage year at \$390.00 per ton compared to last month's report.

The projected decrease in both corn and SBM prices would normally be encouraging to dairy farmers as these prices are below current prices. However, milk price in 2023 is not expected to be as high as this year. Margins are expected to be tighter than they were this year. Based on current market conditions, the Dairy Margin Coverage (DMC) online decision tool is projecting margins below the maximum \$9.50 margin coverage through at least August 2023. DMC 2023 enrollment is currently open at your local Farm Service Agency (FSA) office. 2023 is the last program year of the 2018 Farm Bill. Although there is a large amount of support for keeping the DMC program in the next Farm Bill, there is no guarantee that DMC will exist in its current form or at all after next year.



CME DAILY FUTURES & OPTIONS TRADING — OCT. 19, 2022 AT THE CLOSE

	OCT-22	NOV-22	DEC-22	JAN-23	FEB-23	MAR-23	APR-23	MAY-23	JUN-23	JUL-23	AUG-23	SEP-23	TREND											
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: <i>Oct22 down \$0.10, Nov22 up \$0.05, Dec22-Sept23 down \$0.45-0.75.</i>	21.75	21.30	20.01	19.73	19.83	19.92	19.97	19.92	19.98	20.00	19.99	20.44	↓											
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: <i>Oct22 up \$0.08, Nov22 down \$0.25, Dec22-Aug23 down \$0.40-0.75, Sept23 up \$0.80.</i>	24.85	23.62	21.41	20.96	20.73	20.84	20.84	20.80	20.85	20.95	20.95	21.00	↓											
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	21.75	0.06	21.25	0.46	20.00	0.88	19.75	1.06	19.75	1.13	20.00	1.32	20.00	1.38	20.00	1.44	20.00	1.52	20.00	1.47	20.00	1.49	20.00	1.60
MILK BASIS (\$/CWT) — PA BASIS & 2016-19 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA	0.79	0.60	0.79	1.17	0.62	1.53	2.29	1.82	1.58	0.99	1.03	0.95											
*AVG	0.67	0.74	1.38	0.85	1.67	2.55	2.15	1.66	1.45	1.25	1.31	1.15												
DMC OFFICIAL GROSS MARGINS per cwt/USDA All-Milk, com, alfalfa & Ill. soybean, feed for ALL CLASSES of dairy cattle on farm Updated with NEW prem. alfalfa feed cost	DMC	JUN-21	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	*AUG-22	↓							
	6.03	5.47	5.03	6.69	8.54	9.14	9.53	11.54	10.98	11.55	12.29	12.51	11.92	9.92	*8.08	↓								

U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report																
JUN-21	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	AUG-22	*SEP-22	↓
214.32	232.31	235.20	246.10	256.09	262.84	242.90	270.34	253.80	278.02	280.00	322.00	321.17	312.50	308.17	*290.70	↓
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report																
1042	1003	1065	993	1018	1062	1152	1237	1253	1390	1278	1184	1350	1407	*1265	↓	

CORN FUTURES (\$/BU)													TREND
DEC-22	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	JUL-25	↓	
6.782	6.844	6.850	6.794	6.334	6.204	6.274	6.296	6.260	5.744	5.632	5.690	↓	
WEEK AGO													
6.930	7.000	7.010	6.942	6.460	6.324	6.390	6.406	6.362	5.866	5.752	5.810		

SOYMEAL FUTURES (\$/TON)													TREND
OCT-22	DEC-22	JAN-23	MAR-23	MAY-23	JUL-23	AUG-23	SEP-23	OCT-23	DEC-23	JAN-24	MAR-24	↓	
401.7	396.6	391.0	388.6	389.2	386.8	383.8	380.2	380.8	380.1	377.3	375.8	↓	
WEEK AGO													
421.8	414.3	410.1	404.8	402.1	402.4	398.8	394.6	389.6	389.8	388.5	384.9		

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *AUG 2022				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 10/19/22										SPOT CASH TEND	
FEED =	FEED COST	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT MILK)	OCT	NOV	DEC	JAN23	FEB23	MAR23	APR23	10/19/22	10/19/22	↓	1.4400	↓
\$/CWT.	*AUG (estimated) \$9.38	*12.61	*19.65	NFDM	1.560	1.517	1.447	1.435	1.440	1.440	1.450	↓	0.4350	↑	
IOFC =	*PREV MO \$9.81	*12.74	*20.10	WHEY	0.467	0.461	0.450	0.455	0.469	0.470	0.480	↓	3.2000	↑	
\$/COW	YR AGO \$8.58	7.36	9.82	BUTTER	3.220	3.029	2.640	2.537	2.500	2.499	2.497	↓	See Below		
	Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price			CHEESE	2.157	2.114	2.005	1.985	2.001	2.018	2.013	↓			
				CME SPOT CHEESE: BARRELS 2.2050 / 40 LB BLOCKS 2.0500 ↑ / ↓											

*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	3.93F	WEIGHTED AVG. 4-WK SEP 1-30, 2022							*SEP 2022	
*24.09	26.51	19.82	24.63	24.30	26.20	3.83F	PRODUCT	VALUE	MAKE ALLOW	NET	COMPONENTS				
							CHEESE	1.8847	0.2003	1.6844	↓	PROT	1.8847	↓	
							BUTTER	3.1156	0.1715	2.9440	↑	B.FAT	3.5653	↑	
							NFDM	1.5803	0.1678	1.4125	↓	N.FAT	1.3984	↓	
							DRYWHEY	0.4902	0.1991	0.2911	↓	OTHER	0.2998	↓	

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. Oct. 14, 2022 sale New Holland, PA)												
COWS: Fresh	Bred	Springing	*HEIFERS: Bred	Springing	Beefx	Open:	300-600 lbs	Beef X	600-900 lbs	Beef X	900-1300 lbs	BULLS (900+ lbs)
1460	1100	1560	1270	1545	1500	600	N/A	625	N/A	1000	985	
TWO WEEKS AGO COMPARISON												
1325	1230	1400	N/A	1400	N/A	465	N/A	750	N/A	N/A	N/A	

FED HOLSTEIN STEERS (\$/CWT LIVELINE)				CURRENT Beef X WEEK AGO YR AGO				
Choice & Prime	1250-1550 lbs	light test	118.10	115.60	98.25	↑		
BULL CALVES:	No. 1 & 2, 90-130 lbs	70-85 lbs	128.00	300.00	100.00	295	75.00	↑
			104.00	325.00	100.00	N/A	55.00	↑

brought to you by:

Avg. of prices reported by USDA Market News for PA Auction Markets Oct. 13-18, 2022			
Premium White	Breakers	Boners	Lean
83.10	72.75	68.50	↓
WEEK AGO			
N/A	81.50	76.00	70.25
YEAR AGO			
N/A	70.85	55.50	46.60