

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — NOV. 16, 2022 — except where noted

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Class IV Milk: It is not unusual for Class III and Class IV milk prices to be inverse. However, it is relatively unusual that Class IV stays persistently higher. Class III and IV prices inverted last November when Class IV settled 76 cents more than Class III at \$18.79 per cwt. Since then, Class IV has remained above Class III except for May 2022 when Class III was 22 cents higher than Class IV. October Class III and IV prices were released earlier this month with a streak of six consecutive months of inversed milk prices. The October Class III price was announced as \$21.81 per cwt, \$3.15 lower than Class IV at \$24.96. Eleven out of 12 months since November 2021 saw a Class IV price higher than Class III. The spread between Class IV and III has averaged \$2.38 during this period.

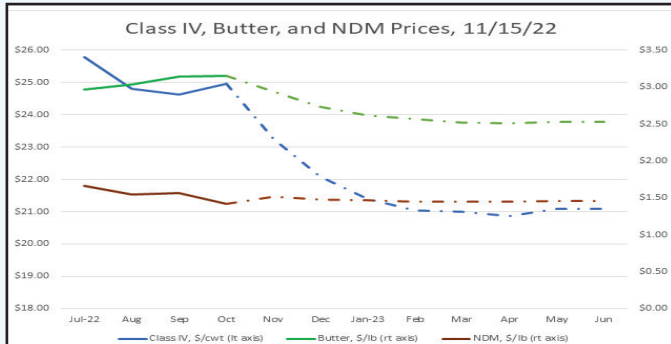
Tight cream supplies and high butter demand have bolstered the Class IV price this year while cheese production and greater cheese supply have hindered Class III until recently. Cream supplies are loosening while butter demand is rather steady now but is expected to drop after the holiday season. Historically, butter demand is higher during late October to mid- to late December as retail sales of butter in preparation for Thanksgiving and Christmas meals are planned across the nation. Demand for butter generally drops significantly after the holiday season. Nonfat dry milk (NDM) demand has been sluggish for a large portion of the year. The U.S. exports up to 80% of the NDM it produces each year, and powder exports have not performed very well compared to last year's record pace through September. NDM exports through September, the most recent data available, are off last year's total during the same timeframe by 9%. This represents a decrease of 63,600 metric tons. NDM exports are expected to remain challenged for the foreseeable future.

Even though butter demand is generally elevated this time of year, high retail prices are forcing consumers to buy less butter. However, seasonal demand is helping to keep butter price from falling as much. This helps support Class IV from falling drastically as well. The futures market indicates that after the seasonal demand for butter declines, along with sluggish demand for NDM and other Class IV powder products, there could be an unfavorable drop in Class IV that continues the recent trend in declining Class IV milk prices that begins this month.

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

Based on Nov. 15 closing prices, November Class IV is \$23.36 per cwt, \$1.70 less than October's final price of \$24.96. The December futures price indicates a further drop of \$1.16 to \$22.10 per cwt and January shows another \$1.30 decline to \$21.40. The Class IV price decline levels off beginning in February at \$21.05 where it trades in the upper \$20 and lower \$21 range through the first half of 2023. NDM prices on November 15 indicate that prices have stabilized in the mid-\$1.40s per pound range from December through the first half of the year while butter price falls from a record high \$3.16 per pound in October to \$2.53 by next summer.

The Class IV decline is expected to coincide with a slight increase in Class III causing the two prices to converge more than they have in recent months. However, Class IV is expected to remain above Class III for the foreseeable future. Feed prices are expected to remain historically high through next year. Lower milk prices with elevated feed prices are expected to keep margins extremely tight next year. Remember that open enrollment in the 2023 Dairy Margin Coverage (DMC) program is available until December 9, 2022. Current DMC projections show payment each month next year. Visit your local Farm Service Agency (FSA) office to sign up.



CME DAILY FUTURES & OPTIONS TRADING — NOV. 16, 2022 AT THE CLOSE													TREND										
NOV-22	DEC-22	JAN-23	FEB-23	MAR-23	APR-23	MAY-23	JUN-23	JUL-23	AUG-23	SEP-23	OCT-23												
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Nov steady, Dec22-Jan23 up \$0.30; Feb-Jul23 down \$0.05-0.10; Aug-Sep23 firm-\$0.05 higher; Oct23 up \$0.35													12-Month Avg. 20.58										
20.98	21.92	20.86	20.45	20.41	20.28	20.19	20.29	20.38	20.42	20.49	20.24		↑↑										
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Rally fully \$0.40-\$0.80 higher across the board													12-Month Avg. 21.28										
23.35	22.30	21.40	21.05	21.01	20.87	20.94	21.09	20.84	20.84	20.87	20.83		↑↑										
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																							
21.00	0.08	22.00	0.53	20.75	0.82	20.50	1.03	20.50	1.20	20.25	1.19	20.25	1.35	20.25	1.35	20.50	1.52	20.50	1.56	20.50	1.58	20.25	1.43
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 & Ill. soybean, feed for ALL CLASSES of dairy cattle on farm) Updated with NEW prem. alfalfa feed cost																							
DMC	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								
	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	*8.62	↑↑							

U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report															
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	*OCT-22
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	*300.10
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report															
1003	1065	993	1018	1062	1152	1151	1237	1253	1390	1278	1184	1350	1407	1265	*1310

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		
6.652	6.674	6.662	6.606	6.252	6.144	6.212	6.234	6.212	5.814	5.692	5.750		MIXED
WEEK AGO													
6.672	6.704	6.704	6.660	6.266	6.142	6.212	6.234	6.204	5.756	5.654	5.714		

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		
406.6	404.0	399.9	397.7	397.6	394.5	390.0	384.8	385.2	384.3	381.0	379.1		MIXED
WEEK AGO													
417.6	414.2	405.6	402.0	400.9	396.5	390.4	383.5	382.5	381.5	378.3	376.8		

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES — SEP 2022				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 11/16/22							SPOT CASH	TREND
FEED =	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT MILK)	NOV	DEC	JAN23	FEB23	MAR23	APR23	MAY23		11/16/22
*SEP (estimated)	*9.25	*12.63	*19.58	1.522	1.462	1.434	1.425	1.430	1.440	1.444		↑↑ 1.4400
IOFC =	PREV MO	9.38	12.61	0.477	0.462	0.457	0.459	0.456	0.462	0.467		↑↑ 0.4400
\$/COW	YR AGO	7.93	8.30	2.960	2.790	2.670	2.599	2.562	2.545	2.537		↑↑ 2.9525
			11.07	2.092	2.202	2.100	2.060	2.060	2.045	2.038		↑↑ See Below
Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price												
CME SPOT CHEESE: BARRELS 2.0325 / 40 LB BLOCKS 2.2325 ↑↑ / ↑↑												

*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 OCT 1-29, 2022				OCT 2022						
24.09	25.73	21.81	24.96	24.40	26.10	PRODUCT	VALUE	MAKE ALLOW	NET	COMPONENTS						
				4.02F	3.97F	CHEESE	2.1560	0.2003	1.9557	↑↑	PROT	2.4512	↑↑			
						BUTTER	3.1911	0.1715	3.0196	↑↑	B.FAT	3.6567	↑↑			
						NFDM	1.5819	0.1678	1.4141	↑↑	N.FAT	1.4000	↑↑			
						DRYWHEY	0.4857	0.1991	0.2866	↓↓	OTHER	0.2952	↓↓			

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. Nov. 9, 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)		
1475	1350	1400	1350	1475	N/A	550	500	785	N/A	1000	1150																		
WEEK AGO COMPARISON													1400	1450	1300	1200	1275	500	475	300	N/A	N/A	950	N/A					

FED HOLSTEIN STEERS (\$/CWT LIVELINE)				CURRENT Beef X				WEEK AGO				YR AGO			
Choice & Prime 1250-1550 lbs light test				118.00		105.00		94.85		↑↑					
BULL CALVES: No. 1 & 2, 90-130 lbs				140.00	375.00	130.00	300	80.00	↑↑						
70-85 lbs				120.00	300.00	115.00	N/A	90.00	↑↑						

brought to you by:

Average to high dressing

Premium White	Breakers	Boners	Lean
74.60	71.75	64.75	
WEEK AGO			
69.60	66.75	58.25	
YEAR AGO			
66.10	55.75	53.35	