

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — DEC. 7, 2022 — except where noted



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**CDE Team Grants available:** Last week, I wrote about new risk management resources available in print and online to help dairy farmers and their advisors navigate the sometimes-rough waters of understanding what programs are out there and how to use them to help mitigate milk price risk. In addition to risk management resources, the Center offers a wide variety of resources to help dairy advisors and their dairy farm clients make decisions to help carry them to the next step in the success of their business. This week, I'm highlighting our Team Grant program, featuring three different grants that dairy farmers can receive to help make decisions to benefit their family business.

**Dairy Profit Team Grant** – This grant covers up to \$1,500 of approved reimbursable expenses. A profit team generally consists of a facilitator and the dairy farm's closest advisors. For example, many producers include their herd veterinarian, lender, accountant, and nutritionist. Grant recipients can work with their facilitator to determine which advisors are best suited for their profit team. The profit team generally works with the dairy owner/operator in an advisory capacity. The team helps the farmer to identify and address bottlenecks in areas such as finance management, cow comfort, milking efficiency, or milk quality just to name a few. Reimbursable expenses include, but are not limited to, paid team members, financial analyses, producer registration for educational opportunities, and expenses related to conducting the meeting like providing a meal for team members. This grant is available on an annual basis.

**Dairy Transition Team Grant** – The Dairy Transition Team grant is for dairy farm families that are looking to find the best way to bring the next generation or any new partner into the ownership of the operation. This grant provides up to \$3,500 for reimbursement of applicable team expenses. The transition team may only consist of a facilitator but may include accountants, lawyers, or other team members depending on the recipient's needs. Approved reimbursable expenses include, but are not limited to, paid team members, discovery-related costs, attorney fees, and costs associated with conducting

meetings. This grant is available on an annual basis, but funding cannot be used for the same project for more than two consecutive years.

**Dairy Transformation Team Grant** – The transformation grant is for dairy farm families that are focused on modernizing facilities, pursuing a business transformation, or adding additional enterprise within the dairy operation. This grant also provides up to \$3,500 to establish, develop, and implement a transformation plan. Applicable expenses available for reimbursement include, but are not limited to, paid team members, feasibility studies, site survey, permit development, permitting fees, business planning, attorney fees, and other discovery-related expenses. Transformation projects can include plans such as on-farm processing, expansions, parlor remodeling or new milk parlor design. This grant is available annually. However, the same transformation project cannot receive funding for more than two consecutive years.

Using a team approach to provide greater insight into your business's decision-making process can lead to improved profitability, enhanced performance, and future opportunities. It can also smooth the road for transition to the next generation or transformation into a new business model. The Center for Dairy Excellence leverages funds provided through the Commonwealth of Pennsylvania to provide grants to individual farms to establish these teams.

All three grants are awarded on a first come, first served basis until funding for the fiscal year is exhausted. The grant funding period for this fiscal year began on July 1, 2022 and continues until May 31, 2023. Available funding typically runs out well before the funding period ends so the sooner applications are received, the more likely it will be funded during the current fiscal year. To complete an online application or see complete program guidelines, visit [www.centerfordairyexcellence.org/grants](http://www.centerfordairyexcellence.org/grants) or contact Melissa Anderson at 717-346-0849 for additional information or to have a paper application mailed.

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 — DEC. 7, 2022 AT THE CLOSE

	DEC-22	JAN-23	FEB-23	MAR-23	APR-23	MAY-23	JUN-23	JUL-23	AUG-23	SEP-23	OCT-23	NOV-23	TREND
<b>CLASS III MILK FUTURES</b> (\$/CWT) vs. wk ago: <i>Dec22 up \$0.55, 2023 contracts up \$0.05-0.30, except May-Jun23 steady.</i>	20.39	19.62	19.51	19.73	19.90	19.94	20.08	20.24	20.37	20.43	20.55	20.31	MIXED
<b>CLASS IV MILK FUTURES</b> (\$/CWT) vs. wk ago: <i>Dec22-Jan23 up \$0.15-0.35, Feb-Jul23 weak-\$0.15 lower, Aug-Nov23 firm-\$0.15 higher.</i>	21.90	20.51	20.05	20.00	20.18	20.21	20.21	20.45	20.60	20.74	20.59	20.60	MIXED
<b>CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium</b>	20.50 0.22	19.50 0.62	19.50 0.87	19.75 1.04	20.00 1.19	20.00 1.28	20.00 1.27	20.25 1.40	20.25 1.42	20.50 1.61	20.50 1.53	20.25 1.57	
<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 0.79	1.17	0.62	1.53	2.29	1.82	1.58	0.99	1.03	0.95	0.79	0.60	
<b>AVG 1.38 0.85 1.67 2.55 2.15 1.66 1.45 1.25 1.31 1.15 0.67 0.74</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 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</b>	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 *10.71 ↑↑

U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report															
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	*NOV-22
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	*289.50 ↓↓
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report															
1065	993	1018	1062	1152	1151	1237	1253	1390	1278	1184	1350	1407	1265	1310	*1290 ↓↓

CORN FUTURES (\$/BU)													
DEC-22	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	JUL-25		TREND
6.276	6.412	6.426	6.396	6.072	5.962	6.040	6.072	6.060	5.726	5.624	5.680		↓↓
WEEK AGO													
6.620	6.670	6.652	6.596	6.182	6.064	6.134	6.164	6.150	5.772	5.646	5.702		

SOYMEAL FUTURES (\$/TON)													
DEC-22	JAN-23	MAR-23	MAY-23	JUL-23	AUG-23	SEP-23	OCT-23	DEC-23	JAN-24	MAR-24	MAY-24		TREND
462.2	459.0	457.0	453.9	452.2	446.7	437.5	427.2	425.7	424.1	420.3	417.3		↑↑
WEEK AGO													
417.7	417.8	416.0	413.3	411.9	401.3	394.1	393.4	392.0	389.0	387.2	386.0		

PA MILK MARGIN & IOFC-LATEST PSU VALUES - *SEP 2022				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 12/07/22								SPOT CASH TREND	
FEED =	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	DEC	JAN23	FEB23	MAR23	APR23	MAY23	JUN23	12/07/22	12/07/22	TREND
*SEP (estimated)	*9.25 ↓↓	*12.63 ↑↑	*19.58 ↓↓	NFDM	1.435	1.396	1.380	1.377	1.392	1.398	1.404	↑↑	1.3825 ↑↑
PREV MO	9.38	12.61	*19.65	WHEY	0.457	0.430	0.435	0.435	0.400	0.455	0.460	↓↓	0.4425 ↓↓
YR AGO	7.93	8.30	11.07	BUTTER	2.775	2.487	2.440	2.430	2.432	2.439	2.437	↓↓	2.8875 ↓↓
Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price				CHEESE	2.045	1.994	1.983	2.006	2.021	2.028	2.040	↑↑	See Below
				CME SPOT CHEESE: BARRELS 1.9200 / 40 LB BLOCKS 2.1075 ↑↑ / ↑↑									

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 NOV 1-26, 2022		*NOV 2022 COMPONENTS						
*22.58(DEC)	*24.67(NOV)	*21.01(NOV)	*23.30(NOV)	*25.90(OCT) ↑↑	*26.90(OCT) ↑↑	PRODUCT	VALUE	MAKE ALLOW	NET					
MONTH AGO						*CHEESE	2.0897	0.2003	1.8894	↓↓	*PROT	2.5374	↑↑	
24.09	25.73	21.81	24.96	24.40 4.02F	26.10 3.97F	*BUTTER	2.9560	0.1715	2.7845	↓↓	*B.FAT	3.3720	↓↓	
YEAR AGO						*NFDM	1.5045	0.1678	1.3367	↓↓	*N.FAT	1.3233	↓↓	
19.17	18.40	18.03	18.79	19.70 4.05F	19.90 3.99F	*DRYWHEY	0.4745	0.1991	0.2754	↓↓	*OTHER	0.2837	↓↓	

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. Dec. 6, 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)										
1685	1400	1700	1350	1475	N/A	N/A	600	N/A	975	N/A
TWO WEEKS AGO COMPARISON										
1475	1350	1400	1350	1475	N/A	550	500	785	N/A	1000 1150
FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)					CURRENT		WEEK AGO		YR AGO	
Choice & Prime 1250-1550 lbs light test					122.00		116.00		111.50	↑↑
BULL CALVES: No. 1 & 2, 90-130 lbs					115.00	350.00	140.00	350	105.00	↓↓
70-85 lbs					110.00	250.00	135.00	300	90.00	↓↓

Price averages do not include lower-end common

Average to high dressing

Premium White	Breakers	Boners	Lean
78.25 ↓↓	70.25 ↓↓	66.60 ↓↓	
WEEK AGO			
N/A	82.35	72.75	68.50
YEAR AGO			
N/A	65.50	56.50	50.00

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