

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — DEC. 13, 2023 — except where noted



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**On reflections and planning:** Warren Buffet once said that "risk comes from not knowing what you're doing." While that statement seems blunt, it is true. In dairy farming, there is no way we can possibly predict every missed opportunity, every catastrophe, and every hardship we'll face in any given year. We simply must navigate our business through the unpredictable the best we can.

That's where risk management comes into play. This column often discusses milk markets, pricing, and price risk management options. But managing risks is much more complex than just managing the risks you have in milk prices and margins. There is a level of risk in every aspect of your business, and the best way to navigate that risk – or uncertainty – is through planning and reflection.

With another year ending, December is the perfect time to go through this process. All too often, as dairy farmers, we can be guilty of just moving from one day to the next without looking long term and planning for the future. It could be because we are so busy and immersed in the day to day, and it could partly be because planning can seem a little overwhelming and intimidating. But it doesn't have to be.

December can be a great time to look back on the past year to celebrate what went well, take stock in what went wrong, and to think through what changes we can make to address any areas where improvements are needed in the coming year. That is all planning is – looking at the past to adjust for the future.

You can sit down and do this on your own or you can bring your key advisors around the table to offer their input into your thought process. Start by taking inventory of what happened in the past year. Where did you see improvements and where did you fall back? Where is milk production per cow compared to last year? What about your cull rate or your herd numbers? How are your replacements doing? What about feed quality and nutrition? Is milk quality improving or becoming more of an issue? What about components? Are accounts payable ticking up or down? What about your cost of production in general?

Write down where you see improvements and what areas are be-

coming more of an issue. Think through what you think could have led to the improvements you've seen and what could be attributed to the issues. Ask your nutritionist, veterinarian, accountant, or other key advisors for their input, too. Then write down what you think you need to keep doing and what changes you could make in the next year to build on the improvements you have seen and to solve the issues you've identified. It could be related to animal health, cow comfort, herd productivity, crop production, feeding strategies, farm profitability, or even employee-related matters. Anything that relates to your farm business is fair game to evaluate.

After you have reflected on the past year and written down the ideas you have for the coming year, prioritize those ideas. What is the most important thing you want to make sure you keep doing next year? What is the most important thing you need to change next year? Ask your key advisors what they think the most important things are. Based on your thought process and their input, rank your ideas to identify the top five things you are going to do to build on accomplishments and address any areas of improvement in the coming year.

After you have done that reflection and planning, don't stop there. Make sure you take those top five things and put them in a place where they will continue to be in your line of sight throughout the coming year. Share them with your family and with your employees. Provide a copy to your key advisors. Ask them to remind you and help you stay accountable to that list. Going through the planning process is futile unless you implement what is in your plan.

There is also a lot we cannot control about our business – where milk prices will go, what the weather will do, what commodity prices will be like, what other hardships we may face. However, there is a lot we can control. That is what you can improve upon through reflection and planning. Having a plan that focuses on continual improvement can help you work through the uncertainty we face in the dairy business. The Center has grants and resources to help in this process. You can learn more by visiting [centerfordairyexcellence.org](http://centerfordairyexcellence.org) or calling us at 717-346-0849.

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. 13, 2023 AT THE CLOSE

*AVG =	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	TREND
Average basis for North-East and Mid-East	16.21	16.34	16.51	17.23	17.72	18.05	18.25	18.45	18.50	18.58	18.54	18.46	↓
*MARGIN = Milk Price over Feed Cost per cwt. YELLOW = payment triggered	19.08	18.52	18.60	18.86	19.23	19.40	19.50	19.70	19.82	19.94	20.05	19.95	↓
<b>CLASS III MILK (\$/CWT) vs. wk ago: Dec23 down \$0.10, Jan-Apr24 down \$0.30-0.50, May-Nov24 down \$0.15-0.25 12-Month Avg. 17.73 ↓</b>													
<b>CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Dec23 dn \$0.15, Jan-Mar24 dn \$0.40-0.60, Apr-Aug24 dn \$0.10-0.20, Sep-Nov24 weak to dn \$0.05 12-Month Avg. 19.39 ↓</b>													
<b>CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium</b>													
16.25 0.08 16.25 0.30 16.50 0.56 17.25 0.74 17.75 0.84 18.00 0.91 18.25 1.04 18.50 1.07 18.50 1.13 18.50 1.15 18.50 1.17 18.50 1.35													
<b>MILK BASIS (\$/CWT) — 2017-22 PA BASIS AND AVG 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													
*AVG 1.38 0.85 1.67 2.55 2.15 1.66 1.45 1.25 1.31 1.15 0.69 0.74													
<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>													
DMC AUG-22 SEP-22 OCT-22 NOV-22 DEC-22 JAN-23 FEB-23 MAR-23 APR-23 MAY-23 JUN-23 JUL-23 AUG-23 SEP-23 *OCT-23													
8.08 8.62 10.71 10.89 9.76 7.94 6.19 6.08 5.84 4.83 3.65 3.52 6.46 8.44 *9.44 ↑↑													

U.S. AVG PREMIUM ALFALFA & ALFALFA / GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report	JUL-22	AUG-22	SEP-22	OCT-22	NOV-22	DEC-22	JAN-23	FEB-23	MAR-23	APR-23	MAY-23	JUN-23	JUL-23	AUG-23	SEP-23	*OCT-23	TREND
312.50	308.17	290.70	300.10	289.50	296.50	266.60	297.25	277.00	290.00	292.86	244.27	254.92	243.50	238.50	238.50	*217.82	↓
<b>U.S. AVG. BRED COWS &amp; HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report</b>																	
1350	1407	1265	1310	1290	1300	1250	1352	1342	1330	1400	1559	1502	1540	1500	1500	*1741	↑
<b>U.S. AVG. FRESH COWS per head as reported by USDA Monthly National Dairy Comprehensive Report</b>																	
1571	1417	1384	1701	1526	1531	1436	1487	1493	1544	1469	1792	1615	1634	1643	1643	*1830	↑

CORN FUTURES (\$/BU)	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	JUL-26	TREND
4.566	4.794	4.924	5.016	5.016	5.076	5.176	5.230	5.234	5.234	5.086	5.072	5.232	↓
WEEK AGO													
4.684	4.904	5.020	5.102	5.106	5.156	5.262	5.306	5.312	5.312	5.100	5.264		

SOYMEAL FUTURES (\$/TON)	DEC-23	JAN-24	MAR-24	MAY-24	JUL-24	AUG-24	SEP-24	OCT-24	DEC-24	JAN-25	MAR-25	MAY-25	TREND
421.1	402.2	393.6	392.6	393.8	390.8	386.6	381.5	383.1	382.2	379.0	378.4	378.4	↓
WEEK AGO													
433.7	417.8	404.0	399.3	399.1	395.7	391.2	385.5	387.1	386.1	383.0	381.6		

* = NEW PA MILK MARGIN & IOFC - LATEST PSU VALUES - *AUG. 2023	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	CME DAIRY CASH-SETTLED FUTURES (\$/LB) 12/13/23	SPOT CASH 12/13/23	TREND
*AUG (estimated)	*8.84 ↓	*8.14 ↑	*14.78 ↑	NFDM 1.192	1.200	1.1725 ↑
PREV MO	9.16	6.18	13.05	WHEY 0.419	0.420	0.3950 ↓
YR AYO	9.38	12.61	219.65	BUTTER 2.590	2.440	2.4600 ↓
Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price				CHEESE 1.640	1.667	See Below
				CME SPOT CHEESE: BARRELS 1.5175 / 40 LB BLOCKS 1.6000 ↓ / NC		

* = NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	CL I ADV ↑	CL II ↓	CL III ↑	CL IV ↓	ALL-MILK-U.S	ALL-MILK-PA	CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW	WEIGHTED AVG. 4-WK NOV. 1-25, 2023	NOV. 2023 COMPONENTS											
19.76(DEC)	21.21(NOV)	17.15(NOV)	20.87(NOV)	21.60(OCT) ↑	22.80(OCT) ↑	4.21F	4.08F	PRODUCT VALUE MAKE ALLOW NET	CHEESE 1.7421	2.0003	1.5418	↑	PROT 1.3238	↑						
MONTH AGO						BUTTER 3.0293									0.1715	2.8578	↓	B.FAT 3.4608	↓	
YEAR AGO						NFDM 1.1860									0.1678	1.0182	↑	N.FAT 1.0080	↑	
22.58						24.67	21.01	23.30	25.90	4.14F	26.90	4.09F	DRYWHEY 0.3831			0.1991	0.1840	↑	OTHER 0.1895	↑

CATTLE - DAIRY PURPOSES (\$/HD) NOV. 29, 2023, New Holland PA	Receipts up slightly from a year ago, but over half (53%) were open and bred heifers selling generally steady compared to one month ago while 30% of receipts were fresh/milking cows and 9% springer heifers, with both of those classes selling \$300-500 higher than a month ago.
COWS: Fresh	2075
Bred Springing	1600
HEIFERS: Bred Springing	2125
Beef x	1650
Open: 300-600 lbs	2100
Beef x 600-900 lbs	N/A
Beef x 900-1100 lbs	975
BULLS (800-1300 lbs)	1350
	1150

PA Auction Markets Dec. 7-12, 2023	FED HOLSTEIN STEERS (\$/CWT LIVWEIGHT)	CURRENT Beef X	WEEK AGO	YR AGO
CULL MARKET COWS (\$/CWT LIVWEIGHT)	Choice & Prime 1250-1550 lbs light test	150.00 (Ltd)	150.00	133.00
Premium White	BULL CALVES: No. 1 & 2, 90-130 lbs	285.00	300.00	600.00
Breakers	70-85 lbs	350.00	335.00	600.00
Boners		500.00	600.00	140.00
Lean				

Average to high dressing	WEEK AGO	YEAR AGO	brought to you by:	
N/A	98.35	90.85	83.25	
N/A	74.75	67.25	59.00	

