

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — DEC. 14, 2022 — except where noted



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Dairy Product Stocks, Production and Disappearance: The USDA publishes an online calendar of release dates for its most common reports each month. The quickest way to find this calendar is to search for "USDA Report Calendar" in your Internet browser's search bar. On Google, it is the first site that comes up. For example, dairy exports and dairy product disappearance are found on separate websites, making it more burdensome not being all in one place. Most business days have at least one report, and sometimes there may be as many as four different reports released on the same day. Unfortunately, the timing of the dairy-related reports is not always conducive to being able to compare relevant data as quickly as one might like. Unfortunately, not all dairy-related reports are on the calendar.

Generally, the monthly reports include data from the previous month. However, this is not always true with some data having nearly a two-month lag time before it is reported. For example, the Dairy Products report released on December 2 shows October data, whereas the Milk Products and Cold Storage reports released on December 19 and 22, respectively, will contain November data. October dairy product disappearance data (an indicator of dairy demand) was just released on December 13. October data is the most recent available to compare all October supply and demand market factors. Likewise, it will be mid-January before all of November's data will be available.

October dairy product production was mixed with the production of cheese and nonfat dry milk (NDM) increasing year-over-year (YOY) to 1.17 billion pounds (+1.4%) and 124.2 million pounds (+2.9%), respectively. Meanwhile, butter production fell to 161 million pounds (+2.0%). Butter production has experienced YOY declines most of the year due to reduced cream supply. This has been a main driver for Class IV increases this year. However, over the last few months, the retail price of butter has forced consumers to back off butter purchases causing demand to slump.

October demand, as determined from dairy product disappearance data, was also mixed. Domestic retail prices are largely to blame for YOY decline in butter disappearance -- down to 184.2 million pounds (-8.0%). NDM demand is largely dependent on the export market as most of the powder produced in the U.S. leaves its borders. Of the 208.5 million pounds of NDM and skim milk powder (SMP) that disappeared during the month of October, 161.3 million (77%) was exported. NDM/SMP exports through October are down 8%, or more than 56,600 metric tons, compared to the same period in 2021. Cheese continues to perform well at retail and in the domestic market with total disappearance up to 1,220 billion pounds (+2.4%). Butter and cheese are polar opposites compared to NDM/SMP relative to domestic compared with exports. Of the 200 million pounds of butter to disappear during October, 92% was in the domestic market. Of the 1.220 billion pounds of cheese sold, 93% was sold domestically.

Mixed results with dairy product production and disappearance resulted in mixed inventories. With a reduction in NDM/SMP disappearance and increased production, powder inventory built up by 12.5% YOY, ending with 247.5 million pounds in powder stocks. Although butter demand was reduced during October, the net effect of sales added to decreased production resulted in a slight 2% decrease in butter stocks to 161 million pounds. Unfortunately, the increase in cheese disappearance did not offset increased production. This resulted in cheese stocks increasing by 1.4% to 1.168 billion pounds.

Late last week, just before the Dec. 9 deadline to enroll in 2023 Dairy Margin Coverage (DMC), USDA announced it was extending the enrollment period until Tues., Jan. 31. If you did not enroll, please consider taking advantage of this program before it is too late. Projections on December 13 show DMC payments each month, Jan. through Sept. This would amount to around \$8,000 per 1 million pounds of enrolled production history up to the Tier 1, 5-mil.-pound cap.

October Dairy Product Production, Supply, and Demand

	Production, 1,000 Pounds	Supply, 1,000 Pounds	Disappearance, 1,000 Pounds
Butter	160,974	239,555	199,900
Cheese	1,167,906	1,448,135	1,220,400
NDM/SMP	181,200	247,500	208,500

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. 14, 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			
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Dec22 up \$0.15, Jan-Sep23 down \$0.05-0.30; Oct-Nov23 up \$0.05-0.15.	20.53	19.52	19.18	19.46	19.63	19.85	20.00	20.15	20.25	20.40	20.59	20.45	↓			
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Dec22 dn \$0.05; Jan-May23 dn \$0.10-0.40, Jun-Sep23 dn \$0.01-0.10; Oct-Nov23 up \$0.10-0.15.	21.84	20.13	19.81	19.83	19.88	19.98	20.16	20.44	20.60	20.68	20.68	20.77	↓			
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	20.75 0.24	19.50 0.52	19.25 0.83	19.50 0.99	19.75 1.14	19.75 1.14	20.00 1.29	20.25 1.43	20.25 1.46	20.50 1.61	20.50 1.51	20.50 1.59				
MILK BASIS (\$/CWT) — PA BASIS & 2016-19 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	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 YELLOW = 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	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	TREND
DMC	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)													
	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	MAR-25	MAY-25	TREND
	6.504	6.510	6.462	6.086	5.962	6.036	6.066	6.056	5.700	5.602	5.676	5.706	MIXED
WEEK AGO													
	6.412	6.426	6.396	6.072	5.962	6.040	6.072	6.060	5.726	5.624	5.680	5.667	

SOYMEAL FUTURES (\$/TON)													
	JAN-23	MAR-23	MAY-23	JUL-23	AUG-23	SEP-23	OCT-23	DEC-23	JAN-24	MAR-24	MAY-24	JUL-24	TREND
	460.1	456.2	450.0	445.4	437.5	427.3	416.2	414.8	412.8	408.5	405.0	403.0	↓
WEEK AGO													
	459.0	457.0	453.9	452.2	446.7	437.5	427.2	425.7	424.1	420.3	417.3	415.2	

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *SEP 2022				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 12/14/22										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	JUL22	AUG22	SEP22	OCT22	*NOV22	
*SEP (estimated)	*9.25↓	*12.63↑	*19.58↓	NFDM	1.431	1.376	1.365	1.365	1.381	1.389	1.405	1.405	1.405	1.405	1.405	1.3400↓
IOFC =	PREV MO	9.38	12.61	*19.65	WHEY	0.458	0.450	0.432	0.433	0.437	0.454	0.459	0.459	0.459	0.459	0.4550↑
\$/COW	YR AGO	7.93	8.30	11.07	BUTTER	2.784	2.490	2.433	2.435	2.428	2.420	2.442	2.442	2.442	2.442	2.7975↑
	Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price				CHEESE	2.054	1.968	1.950	1.980	2.011	2.027	2.032	2.032	2.032	2.032	Mixed See Below
					CME SPOT CHEESE: BARRELS 1.8250 / 40 LB BLOCKS 2.1125 ↓ / ↑											

*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 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	PROT	2.5374 ↑								
MONTH AGO						CHEESE	2.0897	0.2003	1.8894	↓	B.FAT	3.3720 ↓							
YEAR AGO						BUTTER	2.9560	0.1715	2.7845	↓	N.FAT	1.3233 ↓							
19.17	18.40	18.03	18.79	19.70 4.05F	19.90 3.99F	NFDM	1.5045	0.1678	1.3367	↓	OTHER	0.2837 ↓							

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. Dec. 6, 2022 sale New Holland, PA)															
COWS: Fresh				Bred				Springing				*HEIFERS: Bred			
1685				1400				1700				1350			
1475				1350				1475				N/A			
1475				1350				1400				1350			
1475				1350				1475				N/A			

FED HOLSTEIN STEERS (\$/CWT LIVELINE)				CURRENT Beef X				WEEK AGO				YR AGO			
Choice & Prime 1250-1550 lbs light test				133.00 LTD				122.00				106.00 ↑			
BULL CALVES: No. 1 & 2, 90-130 lbs				135.00				300.00				115.00 350			
70-85 lbs				140.00				325.00				110.00 250			

Average to high dressing				brought to you by:			
N/A				FARM SHINE			
WEEK AGO				Dairy EXCELLENCE			
78.25				pennsylvania DEPARTMENT OF AGRICULTURE			
YEAR AGO							
63.50							
74.75↓							
67.25↓							
59.00↓							
70.25							
66.60							
66.35							
57.75							
45.50							