

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

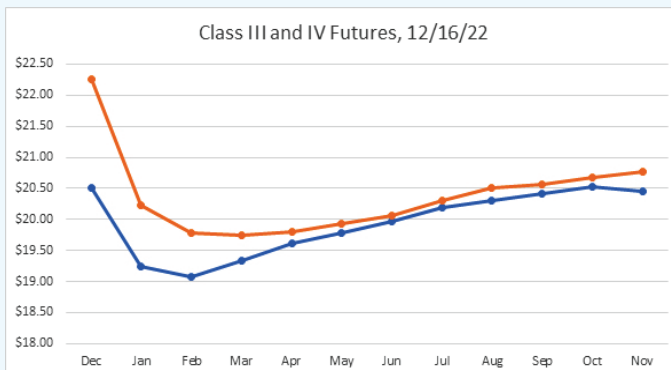
All prices — DEC. 20, 2022 — except where noted

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**DECEMBER:** November Class III and IV prices were announced earlier this month at \$21.01 and \$23.30, respectively. The Class III price represents an eighty cents per cwt drop compared to October, and the Class IV price is \$1.66 per cwt less than October. With the main holiday buying season over and continued improvement in domestic and world milk supply, Class III and IV milk futures prices continued to decline through December. Based on December 16 closing prices, both Class III and Class IV continue to decline but remain well above the five-year averages. The 12-month Class III average is \$19.95 per cwt, \$1.07 less than it was at the end of November. The Class IV, 12-month average drops more drastically to \$20.39 per cwt, \$2.96 less than last month's average futures price. The five-year averages for Class III and IV are \$17.66 and \$16.78 per cwt, respectively.

202,833 metric tons (MT). Most major dairy product export categories experienced growth. Most notably, nonfat dry milk (NDM)/skim milk powder (SMP) posted its first YOY gains since November 2021. NDM/SMP exports grew by 11%, or 6,975 MT, with a 37% increase to Mexico driving the gain. With dairy product prices still higher than last year, export value continued its upward march and climbed 24% YOY to an estimated \$818.7 million. Until this year, dairy exports had never surpassed the \$800 million value threshold. However, seven out of 10 reported months show exports valued at over that threshold this year. May was a record high at over \$900 million in estimated value. Through the first 10 months of the year, total volume is up 4% YOY to 2.592 million MT and value is up 25% YOY to \$8.1 billion. Exports remain on track to break both volume and value records for the second straight year.

I know the holidays can be extra busy on the farm with normal chores and perhaps additional chores to allow employees or other family members some time off. I hope each of you can take some extra time to enjoy yourself with family and/or friends over the coming days. Merry Christmas and Happy New Year!



Milk production across the U.S. increased year-over-year (YOY) by 1.3%, mainly aided by increased cow numbers but also production efficiency. Milk production totaled 18.766 billion pounds. The national herd size increased by 38,000 (+0.4%) to 9.420 million head, while production per cow increased by 17 pounds (+0.9%) to 1,937 pounds per cow. The average lactating cow (assuming 87% of the total herd size is lactating at any given time) was 74.2 pounds per cow per day during November — 0.6 pounds more than last year.

Total Pennsylvania milk production during November was the same as last year at 801 million pounds. After maintaining the same herd size for three months, the Commonwealth's cow numbers fell by 1,000 head compared to August through October. This represents a total reduction of 3,000 head (-1.1%) compared to November 2021. In order to maintain total milk production, Pennsylvania's cows had to be more efficient than they were last year. Milk production per cow rose slightly by 10 pounds per cow during November compared to one year ago. The average lactating cow in Pennsylvania produced 65.7 pounds of milk per day compared to 65.0 pounds last year.

October dairy exports continued a seven-month streak of YOY increases, rising 9% on a milk solids equivalent basis relative to October 2021 to

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. 20, 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 (\$/CWT)</b> vs. wk ago: <i>Dec22 steady, Jan-Apr23 \$0.45 to mostly \$0.75 lower; May-Nov23 down \$0.10-0.35.</i>	20.52	18.73	18.52	18.74	19.20	19.50	19.79	19.98	20.12	20.22	20.25	20.22	12-Month Avg. 19.64 ↓			
<b>CLASS IV MILK FUTURES (\$/CWT)</b> vs. wk ago: <i>Dec22-Jan23 up \$0.05-0.25, Feb-Sep23 weak to \$0.15 lower; Oct-Nov23 firm to \$0.10 higher.</i>	22.26	20.16	19.67	19.55	19.69	19.75	20.04	20.29	20.46	20.59	20.69	20.79	12-Month Avg. 20.33 ↓			
<b>CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium</b>	20.50 0.06	18.75 0.43	18.50 0.66	18.75 0.89	19.00 0.89	19.50 1.10	19.75 1.19	20.00 1.33	20.00 1.34	20.25 1.51	20.25 1.55	20.25 1.59				
<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</b>	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
	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	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
	6.520	6.520	6.462	6.092	5.962	6.044	6.080	6.070	5.580	5.654	5.684	5.642	↑↑
WEEK AGO													
	6.504	6.510	6.462	6.086	5.962	6.036	6.066	6.056	5.700	5.602	5.676	5.706	

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
	452.4	449.3	442.0	437.5	430.2	419.7	408.1	406.1	404.0	399.8	396.4	394.7	↓
WEEK AGO													
	460.1	456.2	450.0	445.4	437.5	427.3	416.2	414.8	412.8	408.5	405.0	403.0	

*NEW PA MILK MARGIN & IOFC—LATEST PSU VALUES — *OCT 2022				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 12/20/22								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	12/20/22	12/20/22	TREND	
*SEF (estimated)	*9.21 ↓	*13.26 ↑	*20.18 ↑	NFDM	1.450	1.375	1.340	1.327	1.340	1.355	1.370	↓	1.3600 ↑	
IOFC =	PREV MO	9.25	12.63	*19.58	WHEY	0.461	0.420	0.405	0.407	0.409	0.425	0.435	↓	0.3725 ↓
\$/COW	YR AGO	7.64	9.19	12.26	BUTTER	2.796	2.478	2.405	2.400	2.420	2.435	2.455	Mixed	2.6000 ↓
	Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price				CHEESE	2.050	1.911	1.890	1.926	1.965	1.990	2.010	↓	See Below
					CME SPOT CHEESE: BARRELS 1.6550 / 40 LB BLOCKS 2.000 ↓ / ↓									

*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	↓
24.09	25.73	21.81	24.96	24.40	26.10	3.97F	BUTTER	2.9560	0.1715	2.7845	↓	N.FAT	1.3233	↓
YEAR AGO							NFDM	1.5045	0.1678	1.3367	↓	OTHER	0.2837	↓
19.17	18.40	18.03	18.79	19.70	19.90	3.99F	DRYWHEY	0.4745	0.1991	0.2754	↓			

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. Dec. 14, 2022 sale New Holland, PA)														
COWS: Fresh			Bred			Springing			*HEIFERS: Bred			Springing		
1635	1200	1200	1275	1450	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1260	
WEEK AGO COMPARISON														
1685	1400	1700	1350	1475	N/A	N/A	N/A	600	N/A	975	N/A			

Avg. of prices reported by USDA Market News for PA Auction Markets Dec. 15-19, 2022				FED HOLSTEIN STEERS (\$/CWT LIVELINEWEIGHT)				CURRENT Beef X WEEK AGO YR AGO			
Premium White	Breakers	Boners	Lean	Choice & Prime 1250-1550 lbs light test	128.00	LTD	133.00	111.00	↓		
76.50 ↑	63.85 ↓	62.75 ↑		BULL CALVES: No. 1 & 2, 90-130 lbs	190.00	350.00	135.00	300	100.00	↑	
74.75	67.25	59.00		70-85 lbs	150.00	395.00	140.00	325	180.00	↑	
WEEK AGO				YEAR AGO							
63.50	67.35	58.60	45.85								

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