CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — **TUESDAY, OCT. 22, 2019** — except where noted

Ready for winter? This article may seem strange coming from a native southerner, but I thought I would remind everyone to not let cold weather sneak up on you before you can properly winterize your dairy. I have lived in Pennsylvania since the first part of December 2018, so I have been here in the coldest part of one winter through the hottest part of a summer.

So far, my observation has been that the climate in south-central Pennsylvania is much like the northwestern part of North Carolina where I grew up in Wilkes County. The biggest difference, based on my one winter here, is there is more snow here than in North Carolina.

Looking at averages for south-central Pennsylvania and the foothills of North Carolina, the first frost date and last frost date in the two areas are virtually identical, mid-October and mid-April, respectively. Based on my observations, south-central Pennsylvania may be around five degrees cooler than my hometown in North Carolina.

Of course, weather is regional and varies year-to-year across Pennsylvania as it varies across North Carolina. One year certainly is not long enough to know what Pennsylvania weather is truly like.

However, one thing I know for sure, no matter where you're from, is that getting ready for cold weather now will save trouble when colder temperatures arrive. Make sure well tiles and exposed water pipes are properly insulated. I used heat lamps and small electric heaters in water supply and pressure tank rooms to keep pipes from freezing.

Make sure the supply lines underneath your cattle water tanks are insulated. It is never fun having to fix a broken water pipe in sub-freezing weather. It is even worse when you must bust concrete to fix a water pipe that froze and busted at ground level, not leaving enough space to couple it back together.

If electric heating elements are being used in water tanks, make sure they are functioning properly, so the water tanks remain free of ice and stray voltage. Years ago, when I was a teenager, I remember noticing a water tank in a heifer barn that the heifers were going out of their way to avoid. It was dirtier than the other water tanks in the barn, so I thought it may just need cleaning. When I stuck my hand in the tank to pull the plug out to drain and clean it, I received a shock that nearly buckled my knees. It was an old concrete water tank with a heating element that had malfunctioned causing stray voltage to get into the water.

ZACH MYERS
Risk Education Manager
336-468-0726
zmyers@centerfordairyexcellence.org

The hottest weather is over, and sprinkler/mister cooling systems will not be needed until next spring. Remember to disconnect the water supply and drain the system to prevent costly repairs next spring. One thing I commonly forgot to do when winterizing our sprinkler system was to manually open all the electric solenoid valves. Anytime I forgot to manually open a valve, I would have to fix broken pipes above the valve and/or replace the more expensive solenoid valve before I could use the system the following spring.

It is not just water pipes you need to consider winterizing. A lot of milking equipment is controlled with air pressure. Frozen condensation in air lines can wreak havoc with incorrect pulsation pressure and getting Ready for winter?he takeoff to work properly.

This will lead to higher somatic cell counts and higher incidence of mastitis if not monitored. Make sure diesel trucks and tractors are parked where their block heaters can be plugged in so they will start when you need them.

A little bit of planning and effort now getting ready for winter will result in fewer untimely and costly repairs and other weather-related problems this winter.

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 — OCT. 22, 2019 AT THE CLOSE

	OCT-19	NOV-19	DEC-19	JAN-20	FEB-20	MAR-20	APR-20	MAY-20	JUN-20	JUL-20	AUG-20	SEP-20	TREND
CLASS III MILK FUTURES ($/CWT)	18.65	19.10	18.38	17.52	16.94	16.77	16.90	17.00	17.08	17.30	17.40	17.55	↑↑
WEEK AGO	18.60	18.68	18.04	17.24	16.89	16.79	16.88	16.99	17.09	17.29	17.40	17.51	
HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT *AND MONTH/YEAR IT OCCURRED*	18.99 10/19	19.10 10/19	18.38 10/19	17.53 10/19	16.94 10/19	16.80 07/19	16.90 10/19	17.00 10/19	17.09 10/19	17.30 10/19	17.40 10/19	17.55 10/19	
	13.75 01/18	14.08 11/18	14.60 11/18	14.62 11/18	14.63 11/18	14.59 11/18	14.65 11/18	15.12 11/18	15.01 11/18	15.01 11/18	14.99 11/18	14.52 11/18	

*AVG = Average basis for North-East and Mid-East

MILK BASIS ($/CWT) — **PA BASIS & 2014-16 AVG OF PA/NY/VT/OH** — ***YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)***

	JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	JUN-19	JUL-19
PA	1.87	1.70	2.75	2.30	1.81	1.58	1.19	1.60	1.28	1.01	0.85	1.33	
*AVG	1.82	1.65	2.72	2.70	2.25	2.02	1.25	2.14	1.80	1.12	0.90	1.32	

*MARGIN = Milk Price over Feed Cost per cwt. YELLOW = payment triggered

MPP/DMC OFFICIAL GROSS MARGINS *per cwt.(USDA All-Milk, com/alfalfa hay & Illinois soybean prices, feed for all classes of dairy cattle on the farm)*

MPP JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	DMC	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	JUN-19	JUL-19	AUG-19
6.72	7.43	8.26	8.96	8.66	7.85		7.71	7.91	8.66	8.82	9.00	8.63	9.27	*9.85 ↑↑

U.S. AVG MILK MARGIN *per 100 lbs milk based on 75-lb herd avg & USDA's All-Milk price, USDA-reported corn & alfalfa hay & Ill. soybean prices (lactating feed only)*

JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	*JUN-19	*JUL-19	
9.62	10.24	11.00	11.73	11.40	10.63	10.79	11.00	11.63	11.61	11.76	*11.82	*12.24	↑↑

PA AVG MILK MARGIN *per 100 lbs milk based on 75-lb herd average and USDA's PA All-Milk price, USDA corn & alfalfa hay & Buff., NY soybean prices (lactating feed only)*

10.26	10.04	11.01	11.68	11.29	10.46	10.37	11.34	11.39	11.21	11.54	*11.52	*12.74

CLASS III MILK ($/CWT) **OPTIONS — PUTS — Daily Strike Price** / Premium

18.75	0.11	**19.00**	0.25	**18.50**	0.49	**17.50**	0.46	**17.00**	0.50	**16.75**	0.51	**17.00**	0.59	**17.00**	0.59	**17.00**	0.57	**17.25**	0.61	**17.50**	0.69	**17.50**	0.66

DEC-19		MAR-20		JUL-20		SEP-20	
CORN ($/BU) OPTIONS — CALLS							
3.70	26.40	**3.80**	31.40	**4.20**	22.00	**4.30**	17.10
4.30	03.10	**4.30**	09.30	**5.50**	02.70	**5.50**	02.70

Example Daily Strike Price / Premium

DEC-19		MAY-20		JUL-20		SEP-20	
SOYMEAL ($/TON) OPTIONS — CALLS							
290	20.65	**310**	19.25	**310**	23.40	**330**	16.15
340	01.40	**400**	01.65	**430**	01.50	**430**	01.80

CORN FUTURES ($/BU)

	DEC-19	MAR-20	MAY-20	JUL-20	SEP-20	DEC-20	MAR-21	MAY-21	JUL-21	SEP-21	DEC-21	JUL-21	TREND
	3.876	3.996	4.062	4.120	4.046	4.092	4.192	4.246	4.276	4.140	4.152	4.320	*MIXED*
WEEK AGO	3.916	4.034	4.096	4.146	4.052	4.084	4.180	4.230	4.262	4.140	4.152	4.324	

SOYMEAL FUTURES ($/TON)

	DEC-19	JAN-20	MAR-20	MAY-20	JUL-20	AUG-20	SEP-20	OCT-20	DEC-20	JAN-21	MAR-21	MAY-21	TREND
	308.6	311.0	314.7	318.1	321.6	322.4	322.1	321.4	322.1	320.2	319.5	320.2	↑↑
WEEK AGO	304.8	307.4	311.4	315.2	319.3	321.2	320.3	317.0	315.7	315.1	315.4	315.8	

*=NEW

FEED = $/CWT.

IOFC = $/COW

PA MILK MARGIN & IOFC–LATEST PSU VALUES - *SEPT. 2019

	FEED COST ($/CWT milk)	IOFC ($/COW @ 75 lbs milk)	PA MILK MARGIN ($/CWT milk)
***SEPT.**	*6.89↑↑	*9.96 ↑↑	*13.28 ↑↑
PREV MO	*6.67	*9.55	12.73
YR AGO	6.09	8.26	11.01

CME DAIRY CASH-SETTLED FUTURES ($/LB) 10/22/19 SPOT CASH TREND

	OCT	NOV	DEC	JAN	FEB	MAR	APR	10/22/19	
NFDM	1.099	1.150	1.165	1.174	1.182	1.189	1.195 ↑↑	1.1650	↓↓
WHEY	0.346	0.336	0.342	0.351	0.351	0.351	0.360 ↑↑	0.2875	↓↓
BUTTER	2.140	2.118	2.087	2.076	2.092	2.141	2.170 ↓↓	2.0900	↓↓
CHEESE	1.958	2.012	1.940	1.841	1.780	1.757	1.774 ↑↑	*See Below*	

CME SPOT CHEESE: BARRELS 2.1050 / 40 LB BLOCKS 2.1025 ↑↑ / ↑↑

USDA JUNE 2019

	ALL-MILK	MAILBOX
*FL	$22.00	$19.16
*N.ENGL	$19.00	$18.74
*SE	$19.40	$18.03
*APPAL	$19.10	$17.96
*NY	$18.60	$17.70
WI	$17.90	$17.67
*PA	$18.80	$17.61
*U.S.	$18.10	$17.45
*OH	$18.10	$17.40
*IN	$17.60	$17.17
*MI	$16.90	$16.23

***=NEW ANNOUNCED FEDERAL ORDER PRICES** ($/CWT)

	CL I ADV↑↑	CL II↓↓	CL III↑↑	CL IV↓↓	ALL-MILK-U.S	ALL-MILK-PA
	*18.14(NOV)	16.93(SEP)	18.30(SEP)	16.35(SEP)	18.90(AUG)↑↑	19.40(AUG)↑↑
MONTH AGO					3.78F	3.71F
	17.84	17.60	17.60	16.74	18.70	19.10
YEAR AGO						
	15.52	15.13	16.09	14.81	15.76	17.26

CURRENT FEDERAL ORDER VALUES ($/LB) * = NEW

WEIGHTED AVG. 4-WK SEPT 3-28, 2019

PRODUCT	VALUE	MAKE ALLOW	NET	
CHEESE	1.9053	0.2003	1.7050	↑↑
BUTTER	2.2344	0.1715	2.0629	↓↓
NFDM	1.0519	0.1678	0.8841	↑↑
DRYWHEY	0.3698	0.1991	0.1707	↑↑

SEPT 2019 COMPONENTS

PROT	2.8633	↑↑
B.FAT	2.4982	↓↓
N.FAT	0.8753	↑↑
OTHER	0.1758	↑↑

Price averages do not include lower-end 'common' cows and heifers.

CATTLE - DAIRY PURPOSES($/HD) **NORTHEAST** (Avg. OCT. 9, 2019 sale New Holland, PA) *MOST RECENT REPORT

COWS Fresh	Bred	Springing	HEIFERS: Bred	Beef x (bred)	Springing	Open: 300-600 lbs	Beef X	600-800 lbs	800-1200 lbs	BULLS (600-1800 lb)
1045	N/A	1030	625	700	950	300	400	600	N/A	625
FOUR WEEK RUNNING AVG										
1025	900	1040	700	N/A	975	250	N/A	500	800	700

Avg. of prices reported by USDA Market News for PA & NY Auction Markets Oct. 17-22, 2019

CULL MARKET COWS ($/CWT LIVEWEIGHT)

Premium White	Breakers	Boners	Lean	
N/A	57.25↓↓	56.00↑↑	48.85↑↑	
WEEK AGO				
N/A	58.85	53.00	45.85	
YEAR AGO				
N/A	50.00	48.00	43.25	

Average to high dressing

FED HOLSTEIN STEERS ($/CWT LIVEWEIGHT)

	CURRENT	WEEK AGO	YR AGO	
Choice & Prime 1250-1550 lbs light test	87.00	84.00	83.00	↑↑
BULL CALVES: No. 1 & 2, 90-130 lbs	54.00	45.00	112.00	↑↑
70-85 lbs	40.00	18.00	53.00	↑↑

brought to you by: Center for Dairy Excellence · FARMSHINE · pennsylvania Department of Agriculture