

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, NOV. 5, 2019 — except where noted



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**Market Facilitation Payment:** Daylight saving time ended this past weekend, and we will continue to lose daylight until the Winter Solstice on December 21, when the daylight hours start to increase again. This time of year can be challenging for farming. When the longer days of summer are here, it does not seem like there are enough daylight hours to get everything done. That problem is amplified this time of year, when you assuredly go to work in the dark and come home in the dark.

I remember one fall a few years ago. I had my oldest son, Jake, currently 16, riding with me in the tractor while I was trying to finish drilling a field of triticale in the dark before I stopped for the day. Nobody wants to leave a field unfinished before stopping, right? The lights on the tractor were not good enough to be able to keep sight of where the row ended to get turned around and lined up correctly to start the next rows. So, as I finished a row, I had Jake get out of the tractor and mark it for me so I could get turned around and lined up correctly. He would jump back in, and we would plant to the other side of the field and repeat the process. It was slow, but we got it done. And, when the seeds germinated, there were no missed rows. Farmers go about their farming business just trying to move forward in whatever way they can when they are not always able to predict or control every factor.

Daylight is one such factor you have no control over. Retaliatory tariffs are another force out of your control.

This year has been a much better year than 2018, but the dairy industry still faces challenges due to reduced margins for much of the year and trade issues keeping milk price down more than it would have otherwise been at times. As a result, the U.S. administration authorized \$16 billion of aid to help U.S. farmers and ranchers mitigate financial losses as a result of retaliatory tariffs on agriculture products. This aid, known as the

Market Facilitation Program (MFP), authorizes \$14.5 billion of that money to be used for direct payments to farmers affected by tariffs. The USDA is authorized to provide up to three payments to U.S. dairy farmers.

The first payment of \$0.20 per hundredweight on 50% of a farm's production history was authorized last August. Second and third payments of \$0.10/cwt. will be announced for November and January, respectively, on the remaining 50% of production history if market conditions merit those payments.

Regardless of what happens in November and January, the August payment is guaranteed, but each dairy farmer must apply for MFP through their local Farm Service Agency to receive it. I know there are several farmers out there who do not want to sign up for a "government hand-out," but there are no strings attached to this money.

All you must do to receive the August payment and future payments is prove that you are marketing milk, establish production history, and apply at your FSA office.

If you are enrolled in Dairy Margin Coverage or had enrolled for past Margin Protection Program, your production history is already established.

You are competing against other dairy farmers across the country to survive. If you refuse this money, but your neighbor does not, you are at a competitive disadvantage to your neighbor because he/she has money to cover expenses that you do not.

Please hurry before the daylight runs out on this program. You can apply for MFP at your local FSA office from now until the application deadline on December 6, 2019.

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 — NOV. 5, 2019 AT THE CLOSE

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

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



**\* = NEW**

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

Average to high dressing

NOV-19	DEC-19	JAN-20	FEB-20	MAR-20	APR-20	MAY-20	JUN-20	JUL-20	AUG-20	SEP-20	OCT-20	TREND											
<b>CLASS III MILK FUTURES (\$/CWT)</b>																							
20.30	19.76	18.15	17.26	17.00	17.00	17.10	17.20	17.37	17.46	17.61	17.47	↑↑											
-----WEEK AGO-----																							
19.86	18.92	17.74	17.09	16.86	16.94	17.01	17.08	17.26	17.40	17.51	17.41												
-----HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED-----																							
19.86 10/19	18.92 10/19	17.74 10/19	17.09 10/19	16.86 10/19	16.94 10/19	17.01 10/19	17.09 10/19	17.30 10/19	17.40 10/19	17.55 10/19	17.55 10/19												
14.08 11/18	14.60 11/18	14.62 11/18	14.63 11/18	14.63 11/18	14.59 11/18	14.65 11/18	15.12 11/18	15.01 11/18	14.99 11/18	14.52 11/18	14.52 11/18												
<b>MILK BASIS (\$/CWT) — PA BASIS &amp; 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)</b>																							
PA 1.70	2.75	2.30	1.81	1.58	1.19	1.60	1.28	1.01	0.85	1.33	1.87												
*AVG 1.65	2.72	2.70	2.25	2.02	1.25	2.14	1.80	1.12	0.90	1.32	1.82												
<b>MPP/DMC OFFICIAL GROSS MARGINS per cwt. (USDA All-Milk, com/alfalfa hay &amp; Illinois soybean prices, feed for all classes of dairy cattle on the farm)</b>																							
MPP 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	*SEP-19										
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	*10.41										
<b>U.S. AVG MILK MARGIN per 100 lbs milk based on 75-lb herd avg &amp; USDA's All-Milk price, USDA-reported com &amp; alfalfa hay &amp; Ill. soybean prices (lactating feed only)</b>																							
AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	JUN-19	JUL-19	AUG-19	*SEP-19	*OCT-19									
10.24	11.00	11.73	11.40	10.63	10.79	11.00	11.63	11.61	11.76	11.82	12.52	12.94	*12.86	*13.19									
<b>PA AVG MILK MARGIN per 100 lbs milk based on 75-lb herd average and USDA's PA All-Milk price, USDA com &amp; alfalfa hay &amp; Buff., NY soybean prices (lactating feed only)</b>																							
10.04	11.01	11.68	11.29	10.46	10.37	11.34	11.39	11.21	11.54	11.52	11.48	12.73	*13.28	*13.99									
<b>CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium</b>																							
20.25	0.17	19.75	0.52	18.25	0.63	17.25	0.57	17.00	0.58	17.00	0.59	17.00	0.55	17.25	0.64	17.50	0.75	17.50	0.67	17.50	0.65	17.50	0.71
<b>CORN (\$/BU) OPTIONS — CALLS</b>																							
3.70	21.70	3.70	32.70	4.00	26.60	4.00	25.30	4.00	25.30	4.00	25.30	4.00	25.30	4.00	25.30	4.00	25.30	4.00	25.30	4.00	25.30	4.00	25.30
<b>CORN FUTURES (\$/BU)</b>																							
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											
3.786	3.876	3.946	4.006	3.966	4.010	4.112	4.166	4.200	4.092	4.116	4.276	↓↓											
-----WEEK AGO-----																							
3.906	3.994	4.052	4.104	4.046	4.030	4.066	4.164	4.216	4.250	4.153	4.144												
<b>SOYMEAL FUTURES (\$/TON)</b>																							
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											
298.9	301.3	304.9	308.8	312.9	314.4	315.0	315.1	316.8	316.7	314.6	314.2	↓↓											
-----WEEK AGO-----																							
302.2	304.8	308.5	312.2	316.2	317.2	317.5	317.3	319.0	319.1	317.2	316.8												

FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	NOV	DEC	JAN	FEB	MAR	APR	MAY	11/05/19	SPOT CASH	TREND
*OCT. 6.89NC	*10.49 ↑↑	*13.99 ↑↑	1.152	1.184	1.204	1.215	1.224	1.230	1.239	1.1925	↑↑	
PREV MO 6.89	9.96	13.28	0.308	0.332	0.344	0.350	0.358	0.360	0.325	0.2775	↑↑	
YR AGO 6.42	8.76	11.68	2.150	2.118	2.087	2.080	2.091	2.130	2.160	2.0625	↓↓	
<b>CHEESE</b> 2.124 2.095 2.086 2.088 2.125 2.165 2.195 ↑↑ See Below												
<b>CME SPOT CHEESE: BARRELS 2.3750 / 40 LB BLOCKS 2.1575 ↑↑ / ↑↑</b>												

CL I ADV	CL II	CL III	CL IV	ALL-MILK-U.S.	ALL-MILK-PA	WEIGHTED AVG. 4-WK OCT. 1 - 26, 2019	*OCT 2019 COMPONENTS
18.14(NOV)	*16.68(OCT)	*18.72(OCT)	*16.39(OCT)	*19.30(AUG) ↑↑	*19.60(AUG) ↑↑	1.9694 2.0003 1.7691 ↑↑	*PROT 3.1700 ↑↑
-----MONTH AGO-----						1.9694 2.0003 1.7691 ↑↑	*B.FAT 2.4031 ↓↓
-----YEAR AGO-----						1.0957 0.1678 0.9279 ↑↑	*N.FAT 0.9186 ↑↑
-----WEEK AGO-----						0.3396 0.1991 0.1405 ↓↓	*OTHER 0.1447 ↓↓

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. OCT. 30, 2019 sale New Holland, PA) *MOST RECENT REPORT	FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)	BULL CALVES
COWS Fresh 1190 Bred 800 Springing 1200 HEIFERS: Bred 725 Beef x (bred) N/A Springing 1075 Open: 300-600 lbs Beef X 350 600-800 lbs N/A 800-1200 lbs 450 BULLS (600-1800 lb) 825	Choice & Prime 1250-1550 lbs light test 84.75	No. 1 & 2, 90-130 lbs 91.00
1100 850 1125 700 N/A 1000 300 N/A 475 700 750	70-85 lbs 50.00	41.00
Avg. of prices reported by USDA Market News for PA & NY Auction Markets Oct. 31 - Nov. 5, 2019		
<b>CULL MARKET COWS (\$/CWT LIVEWEIGHT)</b>		
Premium White N/A Breakers 54.35 ↓↓ Boners 53.00 ↓↓ Lean 46.50 ↑↑		
-----WEEK AGO-----		
N/A 54.75 54.50 44.85		
-----YEAR AGO-----		
N/A 49.00 49.00 42.00		