

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — **TUESDAY, NOVEMBER 28, 2017** — except where noted

MPP: The 2018 Margin Protection Program coverage election period ends on December 15. Farms that wish to enroll or re-enroll in the program must do so at their local Farm Service Agency office before December 15. Dairies that are currently enrolled can "opt out" of the program by taking no action during the enrollment period.

Class III futures market prices for all of 2018 average around \$15.20. Purchasing "at the money" options for the twelve 2018 contracts through a cooperative or broker would cost around \$0.72 per hundredweight. You could lower the cost to \$0.33 per hundredweight by purchasing contracts that are \$1.00 "under the money", but that would lower the Class III price to \$14.20.

A \$0.00 deductible LGM-Dairy policy, constructed with the minimum feed value, would yield a \$14.59 expected margin which costs around \$0.49 per hundredweight, and \$0.11 for a \$1.00 deductible policy. An LGM-Dairy policy that mimics the Margin Protection Program feed ration would yield a \$7.20 expected margin, costing \$0.55 at a \$0.00 deductible and \$0.14 for a \$1.00 deductible policy. To compare LGM-Dairy and MPP, add about \$1.50 to the LGM-Dairy margin built from the MPP ration. For some dairies, the Margin Protection Program may be the best price safety net alternative for 2018. If you would like to discuss your options or either of these programs, feel free to give me a call at 717-420-7448.

The Center for Dairy Excellence will be holding meal-time meetings for dairy producers. Join us at the following locations:

- Friday, December 8 at 12:00 noon at the Shady Maple Smorgasbord, 129 Toddy Drive, East Earl, Pa., 17519
- Thursday, December 14 at 8:00 a.m. at *Perkins, 1394 N. Susquehanna Trail, Selinsgrove, PA 17870 (*new location)
- Thursday, December 14 at 1:00 p.m. at the Riverstone Inn, 47 Leisure

Prices change daily. This market information is an example for educational purposes. The market data below are compiled weekly by Farmshine, using CME and USDA reports and the CDE Scorecard.

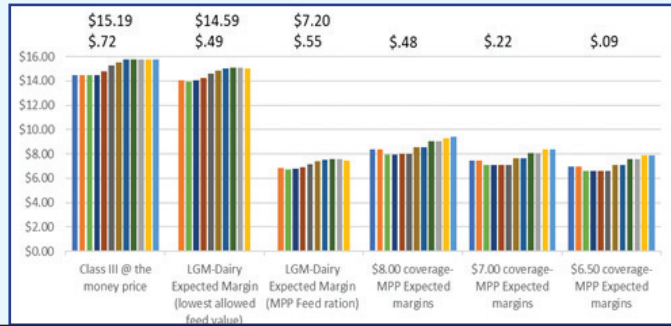
Drive, Towanda, Pa., 18848.

- Monday, December 18 at 11:30 a.m. at Hoss's Steak & Seahouse, 1151 Harrisburg Pike, Carlisle, Pa., 17013.
- Tuesday, December 19 at 8:00 a.m. at King's Family Restaurant, 1180 North Center Ave., Somerset, Pa.
- Tuesday, December 19 at 1:00 p.m. at Hoss's Steak & Seahouse, 1948 Leesburg, Grove City Rd., Grove City, Pa.

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These meetings will include an update on Pennsylvania and global market dynamics, dairy profitability forecasts as well as the factors driving the market, an early look at the results of the 2017 Pennsylvania Dairy Study and roundtable discussions. To register, email Heidi Zimmerman at hzimmerman1@centerfordairyexcellence.org or call the Center for Dairy Excellence at 717-346-0849.



CME DAILY FUTURES & OPTIONS TRADING — NOVEMBER 28, 2017 AT THE CLOSE

	NOV-17	DEC-17	JAN-18	FEB-18	MAR-18	APR-18	MAY-18	JUN-18	JUL-18	AUG-18	SEP-18	OCT-18	TREND
CLASS III MILK FUTURES (\$/CWT)	↓16.81	15.25	14.39	14.44	14.52	↑14.74	14.98	15.27	15.55	↓15.60	15.71	15.75	MIXED
	16.83	15.40	14.84	14.59	14.54	14.65	14.87	15.18	15.49	15.65	15.72	15.77	
----- WEEK AGO -----													
	16.83	15.40	14.84	14.59	14.54	14.65	14.87	15.18	15.49	15.65	15.72	15.77	
----- HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED -----													
	17.85 12/16	17.65 01/17	17.50 02/17	17.03 02/17	16.90 02/17	16.96 02/17	16.96 02/17	16.92 02/17	16.92 02/17	16.90 02/17	16.90 02/17	16.92 02/17	16.92 02/17
	15.20 11/15	15.25 11/17	14.39 11/17	14.44 11/17	14.52 11/17	14.65 11/17	14.87 11/17	15.18 11/17	15.49 11/17	15.60 11/17	15.71 11/17	15.75 11/17	NEW LOWS
MILK BASIS (\$/CWT) — PA BASIS & *3-YEAR AVERAGE OF PA/NY/VT/OH	--- YOUR INDIVIDUAL BASIS WILL VARY ---												
PA	3.41	3.46	4.33	3.66	3.17	3.29	3.33	2.48	2.78	2.46	3.24	2.82	
*AVG	3.04	2.95	3.83	3.34	2.59	2.99	2.89	2.11	2.29	2.10	2.75	2.54	
EXPECTED LGM GROSS MARGINS* (at 0.00 deductible) per cwt. based on futures prices for Class III milk, soybeans, corn as of Nov. 23, 24 and 25, 2017													
N/A	N/A	N/A	6.60	6.48	6.55	6.68	6.97	7.20	7.19	7.27	7.37		↓
3-YR. AVG LGM ACTUAL GROSS MARGINS (at 0.00 deductible) per cwt. based on historical futures contract close-out prices Class III milk, soybeans and corn													
6.52	6.85	6.85	5.99	6.65	6.33	6.06	5.72	4.94	4.15	5.26	5.62		↓
MPP OFFICIAL 2-MONTH GROSS MARGINS per cwt. based on USDA-announced All-Milk price, USDA-reported corn & alfalfa hay and Illinois soybean prices													
JUL-AUG-16	SEP-OCT-16	NOV-DEC-16	JAN-FEB-17	MAR-APR-17	MAY-JUN-17	JUL-AUG-17	SEP-OCT-17	OCT-17					
8.42	9.16	10.54	10.82	8.95	8.97	*8.75							↓
U.S. AVG ACTUAL GROSS MILK MARGIN per cwt. based on 75-lb herd average and USDA's All-Milk price, USDA-reported corn & alfalfa hay & Illinois soybean prices													
NOV-16	DEC-16	JAN-17	FEB-17	MAR-17	APR-17	MAY-17	JUN-17	JUL-17	AUG-17	SEP-17	OCT-17		↑
13.07	14.18	14.13	13.69	12.37	11.33	11.39	12.07	12.03	12.99	12.80	*13.10		↑
PA AVG ACTUAL GROSS MILK MARGIN per cwt. based on 75-lb herd average and USDA's PA All-Milk price, USDA-reported corn & alfalfa hay & Buffalo, NY soybean prices													
NOV-16	DEC-16	JAN-17	FEB-17	MAR-17	APR-17	MAY-17	JUN-17	JUL-17	AUG-17	SEP-17	OCT-17		↑
11.41	13.20	13.65	13.48	12.71	11.32	11.30	12.23	12.07	13.14	13.38	*13.40		↑

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium (per dailydairyreport.com)																							
16.75 CAB	15.25	0.16	14.25	0.25	14.50	0.50	14.50	0.56	14.75	0.63	15.00	0.69	15.25	0.75	15.50	0.76	15.50	0.78	15.75	0.90	15.75	0.86	
			JAN-18	MAR-18	MAY-18	JUL-18	Example		JAN-18	MAY-18	JUL-18	OCT-18											
			CORN (\$/BU) OPTIONS — CALLS				Daily Strike		SOYMEAL (\$/TON) OPTIONS — CALLS														
			3.00	49.70	3.35	17.50	3.40	22.30	3.60	20.00	290	35.90	320	20.20	330	19.30	320	24.35					
			3.45	06.70	3.95	01.00	3.90	04.60	4.00	08.00	350	00.70	410	01.70	420	02.80	420	04.30					

CORN FUTURES (\$/BU)													
DEC-17	MAR-18	MAY-18	JUL-18	SEP-18	DEC-18	MAR-19	MAY-19	JUL-19	SEP-19	DEC-19	Feb-20	TREND	
3.362	3.497	3.580	3.662	3.737	3.827	3.922	3.982	4.032	4.027	4.062	4.187	↓	
----- WEEK AGO -----													
3.430	3.550	3.635	3.712	3.785	3.872	3.957	4.017	4.065	4.042	4.072	4.210		
SOYMEAL FUTURES (\$/TON)													
DEC-17	JAN-18	MAR-18	MAY-18	JUL-18	AUG-18	SEP-18	OCT-18	DEC-18	JAN-19	MAR-19	MAY-19	TREND	
323.5	325.8	329.4	331.9	333.8	333.7	332.1	327.9	328.2	328.9	330.4	331.7	↑	
----- WEEK AGO -----													
318.2	320.0	323.1	325.4	327.7	326.4	323.0	323.8	324.6	326.2	327.9			

* = NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *NOV. 2017				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 11/28/17								SPOT CASH TRENDS		
FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)		NOV	DEC	JAN	FEB	MAR	APR	MAY		11/28/17	11/28/17	
*NOV	*5.40	*10.55	*14.07	NFDM	0.755	0.746	0.752	0.762	0.763	0.779	0.787	↑	0.7300	↑
*PREV MO	5.66	10.05	13.40	WHEY	0.355	0.319	0.280	0.257	0.255	0.256	0.255	↑	N/A	
YR AGO	6.29	8.56	11.41	BUTTER	2.282	2.320	2.240	2.265	2.281	2.300	2.317	↓	2.1850	↓
				CHEESE	1.758	1.618	1.555	1.569	1.582	1.603	1.626	MIXED	See Below	
CME SPOT CHEESE: BARRELS 1.5400 / 40 LB BLOCKS 1.6100 ↓ / ↑														

* = 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. NOV. 1-18, 2017			OCT. 2017 COMPONENTS			
↑16.88(DEC)	15.95(OCT)	16.69(OCT)	14.85(OCT)	17.80(SEP)	19.00(SEP)		PRODUCT	VALUE	MAKEALLOW	NET	PROT	2.1084	
----- MONTH AGO -----							*CHEESE	1.7641	0.2003	1.5638	↑	B.FAT	2.6646
16.41	16.80	16.36	15.86	18.00	19.20		*BUTTER	2.2636	0.1715	2.0921	↓	N.FAT	0.6357
----- YEAR AGO -----							*NFDM	0.7563	0.1678	0.5885	↓	OTHER	0.1853
16.88	14.09	14.82	13.66	17.30	17.90		*DRYWHEY	0.3561	0.1991	0.1570	↓		

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. most recent November 22, 2017 sale at New Holland, PA)													
COWS Fresh				HEIFERS:				BULLS (600-1200 lb)					
1265	1015	1025		1025	1085	Open:	300-600 lbs	600-900 lbs	900-1200 lbs	715			↓
----- FOUR WEEK RUNNING AV4 -----													
1300	1050	1100		975	1100		400	700	700	750			
Avg. of prices reported by USDA Market News for PA & NY Auction Markets Nov. 23-28, 2017													
CULL MARKET COWS (\$/CWT LIVEWEIGHT)							FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)			BULL CALVES: No. 1 & 2, 90-130 lbs			
Premium White	Breakers	Boners	Lean				Choice & Prime 1250-1550 lbs	light test	86.00	92.00	93.00		
N/A	54.50	55.00	52.00				80-90 lbs		100.00	130.00	89.00	↓	
----- WEEK AGO -----													
N/A	55.50	56.00	53.10										
----- YEAR AGO -----													
58.50	57.50	56.60	52.60										