

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — WEDNESDAY, JAN. 2, 2019 — except where noted



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Happy New Year: With the New Year comes a new period for the Center for Dairy Excellence. As many of you know, Alan Zepp will be transitioning into retirement over the next couple of months, and I will be transitioning into his role at the Center.

I am Zach Myers, the new Risk Education Manager. Over the next couple of months, Alan will be mentoring and teaching me the role he has had over the last 10-plus years. I have a similar background to Alan's, but different in a lot of ways. I will be continuing the work Alan has done, but I also have been tasked with exploring other ways the Center can address the needs of the Pennsylvania dairy industry in the ever-changing U.S. dairy environment.

At the end of August 2018, my family dispersed our milking herd. I was the 4th generation on the farm and 3rd generation to milk cows in the foothills of the Blue Ridge Mountains in Jonesville, North Carolina.

My grandparents started the dairy in 1949 with 12 cows. My dad, Dwayne Myers, took over in the early 1970s. In 2003, I took over the management responsibilities for the operation.

At our largest, we were milking 830 head, 3 times/day and had all the dry cows and heifers that go along with that many milking cows.

I managed all aspects of the farm including crops, shop work, waste management and herd health for nearly 16 years. I have been involved in the dairy industry since I was able to carry one bottle of milk to the calves to help my mom. We were Maryland and Virginia members for nearly 30 years prior to selling out.

During the last 16 years, I have been fortunate enough to serve on several regional and national industry boards. I have been on the Board

of Directors for the Dairy Alliance (formerly SUDIA) for 12 years and have been the Vice President for the last 8 years. I was appointed for two consecutive 3-year terms on the National Dairy Promotion and Research Board (NDB) and was elected to serve as Chair for two years. As an NDB member, I served on the Dairy Management, Inc. (DMI) board for six years. Locally, I served on the Supervisor Board for the Wilkes County Soil and Water Conservation District for the last 10-plus years.

Prior to 2003, I graduated from North Carolina State University with a B.S. in Biological Sciences. I then attended Michigan State University and graduated with an M.S. in Dairy Cattle Nutrition and Management. So, yes, I do know a little bit about Big-10 sports.

But the accomplishment I'm most proud about, is my family. I have been married for 19 years to my high school sweetheart, Sybil. We have three children Jake (15), Robert (14) and Brenna (9). They will be remaining in North Carolina through the end of the school year, then will be joining me in Pennsylvania this coming summer.

I am excited and grateful to have the opportunity to be in Pennsylvania working with and for the dairy industry here. I have a lifetime of experience in the dairy industry and hope to be able to capitalize on those experiences and new experiences here to help ensure a healthy dairy industry for future generations of Pennsylvania dairy farmers.

And, if you are not able to understand my Southern accent, I'll continue to type...

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.

CME DAILY FUTURES & OPTIONS TRADING — JAN. 2, 2019 AT THE CLOSE

DEC-18	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	JUN-19	JUL-19	AUG-19	SEP-19	OCT-19	NOV-19	TREND
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CLASS III MILK FUTURES (\$/CWT)

13.81	14.30	14.75	15.07	15.48	15.81	16.02	16.33	16.52	16.73	16.65	16.52	↑↑
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HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED

16.95 02/17	17.05 02/17	17.27 08/17	16.85 02/17	16.75 02/17	16.90 02/17	16.85 02/17	16.90 02/17	16.90 02/17	16.92 02/17	16.65 01/19	16.52 01/19	
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MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)

PA 2.75	2.30	1.81	1.58	1.19	1.60	1.28	1.01	0.85	1.33	1.87	1.70
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EXPECTED LGM GROSS MARGINS* (at 0.00 deductible) per cwt. based on futures prices for Class III milk, soybeans, corn as of Dec. 13, 14 and 15, 2018

N/A	N/A	5.97	6.53	6.92	7.10	7.27	7.51	7.72	7.93	7.80	7.73
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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
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MPP OFFICIAL GROSS MARGINS & 1-MO 2018 ON per cwt. (USDA All-Milk, corn & alfalfa hay and Illinois soybean prices, feed for all classes of dairy cattle on the farm)

SEPT-OCT-17	NOV-DEC-17	JAN-18	FEB-18	MAR-18	APR-18	MAY-18	JUN-18	JUL-18	AUG-18	SEP-18	*OCT-18	*NOV-18
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U.S. AVG ACTUAL MILK MARGIN per cwt. based on 75-lb herd average and USDA's All-Milk price, USDA-reported corn & alfalfa hay & Ill. soybean prices (lactating herd only)

DEC-17	JAN-18	FEB-18	MAR-18	APR-18	MAY-18	JUN-18	JUL-18	AUG-18	*SEP-18	*OCT-18	*NOV-18	TREND
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PA AVG ACTUAL MILK MARGIN per cwt. based on 75-lb herd average and USDA's PA All-Milk price, USDA corn & alfalfa hay & Buff., NY soybean prices (lactating herd only)

DEC-17	JAN-18	FEB-18	MAR-18	APR-18	MAY-18	JUN-18	JUL-18	AUG-18	*SEP-18	*OCT-18	*NOV-18	TREND
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CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium (per dailydairyreport.com)

13.75 0.05	14.25 0.10	14.75 0.27	15.00 0.24	15.50 0.37	15.75 0.44	16.00 0.47	16.25 0.55	16.50 0.60	16.75 0.75	16.75 0.84	16.50 0.70
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CORN (\$/BU) OPTIONS — CALLS

MAR-19	MAY-19	JUL-19	DEC-19	Example Daily Strike Price / Premium	FEB-19	MAR-19	JUL-19	SEP-19
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CORN FUTURES (\$/BU)

MAR-19	MAY-19	JUL-19	SEP-19	DEC-19	FEB-20	MAY-20	JUL-20	SEP-20	DEC-20	JUL-21	SEP-21	TREND
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SOYMEAL FUTURES (\$/TON)

JAN-19	MAR-19	MAY-19	JUL-19	AUG-19	SEP-19	OCT-19	DEC-19	JAN-20	MAR-20	MAY-20	JUL-20	TREND
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PA MILK MARGIN & IOFC-LATEST PSU VALUES- NOV. 2018

FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)
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CME DAIRY CASH-SETTLED FUTURES (\$/LB) 01/02/19 SPOT CASH TRENDS 01/02/19

NFDM	0.907	0.937	0.961	0.979	1.001	1.019	1.035	↑↑	0.9500	↑↑
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****USDA SEPT. 2018** ALL-MILK MAILBOX**

FL	\$19.90	\$18.16
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*** = NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)**

CL I ADV	CL II	CL III	CL IV	ALL-MILK-U.S.	ALL-MILK-PA
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CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW

PRODUCT	VALUE	MAKE ALLOW	NET	NOV. 2018 COMPONENTS
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CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. Dec. 19, 2018 sale New Holland, PA) * MOST RECENT REPORT

COWS Fresh	Bred	Springing	HEIFERS: Bred	Springing	Open:	300-600 lbs	600-900 lbs	900-1200 lbs	BULLS (600-1800 lb)
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FOUR WEEK RUNNING AV4

950	800	900	650	750	325	400	600	700
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FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT) CURRENT WEEK AGO YR AGO

Choice & Prime 1250-1550 lbs	light test	83.00	83.50	87.00	↓↓
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BULL CALVES: No. 1 & 2, 90-130 lbs

80-90 lbs	12.00	30.00	75.00	↓↓
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