

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JAN. 15, 2025 — except where noted



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Getting to the why. Any of us who has ever had little kids can probably remember how easy the word “why” came up. As children, we are more comfortable asking “why?” when someone tells us something or we see something we don’t quite understand. However, as we grow, we become less apt to ask why because we don’t want to appear like we don’t know the answer. Eventually we began to fill in the blanks to answer why on our own, which can sometimes lead to misconceptions and negative opinions.

That is why it is important for anyone managing employees or working with others in a business to always include the “why.” As a writer, I was often encouraged to have every article I wrote address the five “W’s” – who, when, where, what and why. But, as we think about how we communicate with each other, whether it’s with family members, employees, business associates, or just in our society, we tend to focus more on the what than the why. Sharing the why, though, is what leads people to action.

As a dairy producer, you probably have a lot of folks telling you what you should do – enroll in the USDA’s Dairy Margin Coverage Program, get a biosecurity plan, make sure you are following the National FARM Program, keep your somatic cell counts low, get your components higher, feed a balanced ration, etc. Until you understand why you should do those things, they can just sound like a laundry list of demands on your business. Understanding why doing each of those things matters can help motivate you to incorporate them into an already overwhelming schedule.

Take, for example, the USDA Dairy Margin Coverage Program. Enrollment for 2025 hasn’t opened yet, but the last-minute passing of a Farm Bill Extension in December created the pathway for USDA to open the program for the coming year. According to the website, enrollment is expected to open on January 29 and close on March 31. If you look ahead at the margins projected for 2025, it looks like margins are not projected to fall below the \$9.50 per hundredweight at all in the coming year. With these projections, it is hard to see the value of protecting your margin through Dairy Margin Coverage in 2025 until you consider why you should enroll.

Prices change daily. This market information is an example for educational purposes. The market data shown below are compiled weekly by Farmshine, via CME & USDA reports.

The reason why folks enroll in the DMC Program is not because it is a guaranteed boost to your milk margins. It is because of the unpredictability we have in our milk markets right now. While milk prices are projected to stay relatively strong for 2025 and commodity prices are projected to stay low, nobody knows when a drought or a demand collapse could dramatically impact our prices. Looking back on the past six years, DMC paid net indemnities out in five of six years. In 2023, the net benefit of the DMC Program to those covered at the \$9.50 level was \$2.41 per hundredweight, after the 15-cent premium is deducted off the total and after sequestration, or about \$24,000 for a million pounds of production. The reason why you sign up is because DMC is a safety net for your business if prices fall through the floor.

In any situation and in any action, the “why” is what motivates someone to do something. We make sure we have strict protocols around prepping cows and sanitizing our milking equipment not because we enjoy the extra time it takes. We do it because it leads to lower somatic cell counts and lower SPC and PI scores. On some dairies, that helps bring in more premiums. On all dairies, it helps our cows be healthier and produce more milk.

During next month’s Pennsylvania Dairy Summit, Peggy Coffeen who hosts the Uplevel Dairy Podcast is going to walk us through thinking about “why” in a broader context. She is using concepts from the “Start with Why” book written by Simon Sinek to help all of us better define why we do what we do – or in other words, our purpose. Peggy will lead both a keynote presentation and a breakout session to help both dairy producers and dairy professionals define your why so that it can serve as both a motivator for you and a way to inspire those around you to believe in your passion and your purpose.

If you haven’t ever attended the Dairy Summit, you should check it out. It’s packed with lots of good, hands-on insight and thought-provoking inspiration like what Peggy has to share. You can learn more about the Summit by visiting www.padairysummit.org or calling the Summit Business Office at 814-355-2467.

CME DAILY FUTURES & OPTIONS TRADING — JAN. 15, 2025 AT THE CLOSE

	JAN-25	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	JUL-25	AUG-25	SEP-25	OCT-25	NOV-25	DEC-25	TREND											
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Jan down \$0.10; Feb-Apr down \$0.50-1.00; May-Jun down \$0.15; Jul-Oct steady to firm; Nov-Dec up \$0.30	20.30	19.94	19.67	19.47	19.28	19.08	19.15	19.10	19.08	19.10	19.00	18.60	↓											
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Jan-Feb firm; Mar-Apr up \$0.10; May-Jul weak to \$0.10 lower; Aug-Dec firm to \$0.05 higher.	20.98	21.00	20.95	20.95	20.59	20.64	20.65	20.70	20.80	20.65	20.65	20.10	MIXED											
MILK BASIS (MAILBOX minus CLASS 3 \$/CWT) 2018-23 AVG FOR NORTHEAST & MIDEAST STATES OF PA, NY, NEW ENGL., OH vs. NAT'L AVERAGE - YOUR INDIVIDUAL BASIS WILL VARY																								
Mailbox	19.22	18.75	18.82	18.25	18.96	18.48	18.64	18.27	18.52	18.15	18.68	18.38	18.65	18.35	18.62	18.41	19.27	18.75	20.20	19.76	20.58	20.17	20.25	19.64
Class III	16.81	16.81	16.03	16.03	16.98	16.98	17.31	17.31	17.33	17.33	18.16	18.16	18.16	18.16	17.59	17.59	17.60	17.60	18.72	18.72	19.07	19.07	17.30	17.30
BASIS	2.41	1.94	2.79	2.22	1.98	1.50	1.33	0.96	1.19	0.82	0.52	0.22	0.49	0.19	1.03	0.82	1.67	1.15	1.48	1.04	1.51	1.10	2.95	2.34

	MAR-25	MAY-25	JUL-25	SEP-25	DEC-25	MAR-26	MAY-26	JUL-26	SEP-26	DEC-26	JUL-27	SEP-27	TREND				
CORN FUTURES (\$/BU)	4.784	4.866	4.904	4.572	4.554	4.662	4.740	4.760	4.58.6	4.570	4.684	4.736	↑				
SOYMEAL FUTURES (\$/TON)	299.8	307.2	313.2	314.3	314.2	313.7	316.3	317.1	318.1	319.0	321.0	320.3	↓				
U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report																	
SEP-23	238.50	217.82	240.41	231.70	254.85	224.50	205.02	220.17	175.00	211.69	185.21	196.44	199.57	206.63	192.20	*184.82	↓

DMC	JUL-23	AUG-23	SEP-23	OCT-23	NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	*NOV-24
DMC OFFICIAL GROSS MARGINS per cwt(USDA All-Milk, com, alfalfa & Ill. soybean, feed for ALL CLASSES of dairy cattle on farm)	3.52	6.46	8.44	9.44	9.58	8.44	8.48	9.44	9.65	9.60	10.52	11.66	12.33	13.72	15.57	15.17	*14.29	↓
ALL MILK	17.40	19.70	21.00	21.60	21.70	20.60	20.10	20.60	20.70	20.50	22.00	22.80	22.80	23.60	25.50	25.20	*24.20	↓
FEED \$	13.88	13.24	12.56	12.16	12.12	12.16	11.62	11.16	11.05	10.90	11.48	11.14	10.47	9.88	9.93	10.03	*9.91	↓

DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction (\$/LB) 01/07/25	U.S. CME SPOT DAILY (\$/LB) 01/15/25	U.S. WEEKLY USDA NDPSR (\$/LB) WK ENDING 01/11/25*				
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to \$/LB	Prev. 5 day Dly	Spot price	Weekly Avg	FMMO PROD	MIL. LBS	WTED AVG \$
NEXT GDT AUCTION 01/21/25	SKIM POWDER (SMP)	1.2169 ↓ 2.2%	NFD	14	1.3675 ↓	1.3667 ↓
ALL-PRODUCT INDEX	BUTTER	3.0008 ↓ 0.6%	BUTTER	24	2.5675 ↓	2.5850 ↑
MILKFA (AMF)	CHEDDAR (BULK)	2.1451 ↑ 1.0%	CHEDDAR-40	16	1.8225 ↓	1.8775 ↓
BUTTERMILK POWDER	MOZZARELLA (BULK)	1.8934 ↑ 3.6%	CHEDDAR-500	8	1.8400 ↓	1.8633 ↓
LACTOSE	WHOLE POWDER (WMP)	1.7259 ↓ 2.1%	DRY WHEY	5	0.7375 ↓	0.7383 ↓

ANNOUNCED FEDERAL ORDER PRICES (\$/CWT) NASS ALL-MILK	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 DEC. 1-28, 2024
20.38(JAN)	21.28(DEC)	18.62(DEC)	20.74(DEC)	24.20(NOV) ↓	25.00(NOV) ↓	PRODUCT VALUE MAKE ALLOW NET
				4.39F	4.7F	CHEESE 1.7608 0.2003 1.5605 ↓
						BUTTER 2.5748 0.1715 2.4033 ↓
						NFD 1.3952 0.1678 1.2274 ↑
						DRYWHEY 0.6353 0.1991 0.4362 ↑

U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report	U.S. AVG. MILKING COWS per head as reported by USDA Monthly National Dairy Comprehensive Report												
NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	*DEC-24
2108	N/A	1635	N/A	N/A	N/A	2115	2016	N/A	N/A	2800	N/A	2250	N/A
1830	1988	N/A	1792	N/A	N/A	2120	1624	N/A	N/A	2800	2489	N/A	

CATTLE - DAIRY PURPOSES (\$/HD) USDA and other East and Midwest auction reports combined 4-week rolling average as of JAN. 10, 2025												
*MILK COWS (NASS) U.S. Avg.	FRESH	HEIFERS: Springing	Bred	Beef x	OPEN: 300-600 lbs	Beef X	600-900 lbs	Beef X	900-1100 lbs	BULLS (800-1300 lbs)		
*\$2600 OCT-24 ↑	\$2360 JUL-24	3375	3050	2200	2200	900	1300	1200	N/A	1600	1800	
\$1850 OCT-23	\$1760 JUL-23	2075	2100	1650	1400	625	N/A	975	N/A	1350	1200	
PA Auction Markets Jan. 9-14, 2025												
CULL MARKET COWS (\$/CWT LIVELWEIGHT)	FED STEERS (\$/CWT LIVE)											
Premium White	Breakers	Boners	Lean	Choice & Prime 1250-1550 lb	Holstein	Beef-X-Dairy	WK AGO	YR AGO				
				600.00 ↑	161.35	195.25	No Test No Test	145.00	N/A			
				650.00 ↑	600.00 ↑	875.00 ↑	600.00	850.00	375.00	625.00		
				70-85 lbs	650.00 ↑	1000.00 ↑	650.00	875.00	410.00	675.00		