

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JAN. 26, 2021 — except where noted



**ZACH MYERS**  
Risk Education  
Manager  
336-468-0726  
zmyers@centerfordairy  
excellence.org



**January:** The first month of 2021 is nearly in the books. We have certainly had somewhat of a tumultuous beginning to the year. Dairy markets are still behaving erratically, but at least for now, they are in dairy farmers' favor. The Livestock, Dairy, and Poultry Outlook released by the USDA on January 19, 2021 increased its forecast for the year over December's report. The U.S. all-milk price is expected to average \$17.65 per cwt, \$1.05 more than last month's forecast. The increased price is the result of better-than-expected demand for cheese, butter, and powders. Much of the increased forecast is credited to the extension of the Farmers to Families Food Box program through the first quarter of this year.

As a result of the recent gains in milk price futures over the last month, average Class III and IV prices have increased relative to this time last month. Class III for the next 12 months averages \$17.23 per cwt, 40 cents more than the end of December. Class IV for the next 12 months averages 18 cents per cwt more than last month at \$15.52. These prices, especially Class IV, are not as high as perhaps we would like them, but they are heading in the right direction at least for now. If the economy can continue to recover and the COVID-19 infection rate is held in check, hopefully, this trend will continue.

December U.S. milk production was up over 3% compared to December 2019 and continues a four-month trend of 2% or greater year-over-year growth. Milk production was 18.9 billion pounds compared to 18.4 in December 2019. The national dairy herd contributed to increased milk production with 100,000 more cows than one year ago. The U.S. herd now totals 9.443 million head. Also contributing to increased milk production was production per cow. Each U.S. cow produced about 1.5 more pounds per day last month than they did in December 2019, producing 74.4 pounds per day.

Milk production in Pennsylvania showed growth over a year ago as well. Production across the Commonwealth grew 1.5% last month compared to December 2019 to 856 million pounds. Unfortunately, the state's herd size shrunk 1% to 478,000 head. For the previous six months, herd size had main-

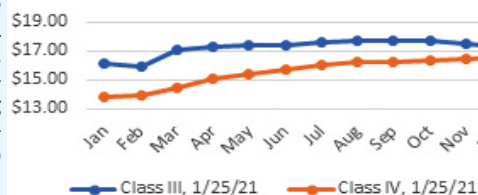
tained 482,000 head. Increased milk production per cow is driving total increased production with the average Keystone cow producing 1.7 pounds more milk per day than she did in December 2019.

Through November, U.S. dairy export volume at over 1.92 million metric tons is already 4% over 2018's annual record total. Unfortunately, the 14-month streak of year-over-year growth was snapped with a slight (0.2%) reduction in exports in Nov. 2020 compared to year ago. With November's totals, value for 2020 exports is \$6.06 billion pounds. This is only the third time in the history of U.S. dairy exports that value has eclipsed the \$6 billion mark.

We are just about a week and a half away from the 2021 Pennsylvania Dairy Summit. This year's Summit will be held virtually on February 8-11. The theme of this year's Summit is "Emerge."

Come join us over this four-day event as we emerge together into this new chapter and find solutions to help our dairy industry advance, adapt, perform, and thrive. There will be expert speakers and numerous breakout sessions for you to choose from. There will be live chats with keynote speakers, behind-the-scenes videos and tours of dairy operations, networking opportunities, live music from local artists, and on-demand access for three months if you miss a session. Visit [www.pa-dairysummit.org](http://www.pa-dairysummit.org) for more information and to register.

Class III and IV Milk Futures, 1/25/21



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 — JAN. 26, 2021 AT THE CLOSE

JAN-21	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21	DEC-21	TREND
<b>CLASS III MILK FUTURES (\$/CWT) vs. 2 weeks ago: Feb-May \$1-3.00 lower, rest of board 20-75 cents lower</b>												
16.13	15.37	16.56	16.81	16.85	16.96	17.20	17.32	17.39	17.33	17.21	16.97	↓
<b>CLASS IV MILK FUTURES (\$/CWT) vs. 2 weeks ago: Jan up a nickel; rest of board 75 cents to \$1.00 lower</b>												
13.80	13.71	14.22	14.75	15.06	15.34	15.70	15.90	16.05	16.15	16.15	16.20	↓

HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED																							
18.44	11/20	19.04	01/21	18.92	01/21	18.22	01/21	17.99	01/21	17.99	01/21	17.81	01/21	17.70	12/20	17.82	01/21	17.65	12/20	17.45	12/20	17.40	12/20
14.80	03/20	14.82	03/20	14.62	03/20	14.56	03/20	14.52	03/20	14.31	03/20	14.50	03/20	14.50	03/20	14.50	03/20	14.21	03/20	14.19	03/20	14.50	03/20

MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)												
PA	2.30	1.81	1.58	1.19	1.60	1.28	1.01	0.85	1.33	1.87	1.70	2.75
*AVG	2.70	2.25	2.02	1.25	2.14	1.80	1.12	0.90	1.32	1.82	1.65	2.72

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)																
DMC	SEP-19	OCT-19	NOV-19	DEC-19	JAN-20	FEB-20	MAR-20	APR-20	MAY-20	JUNE-20	JULY-20	AUG-20	SEP-20	OCT-20	*NOV-20	TREND
	10.41	10.88	12.21	11.95	10.72	10.06	9.15	6.03	5.37	9.99	12.41	10.83	9.40	11.13	*11.87	↑

U.S. AVG MILK MARGIN per 100 lbs milk based on 75-lb herd avg & USDA's All-Milk price, USDA-reported com & alfalfa hay & Ill. soybean prices (lactating feed only)																
AUG-19	SEP-19	OCT-19	NOV-19	DEC-19	JAN-20	FEB-20	MAR-20	APR-20	MAY-20	JUN-20	JUL-20	AUG-20	*SEP-20	*OCT-20	*NOV-20	TREND
12.94	13.39	13.98	15.29	14.94	13.86	13.18	12.23	8.77	8.06	12.59	15.04	13.43	*12.33	*14.44	*15.64	↑

PA AVG MILK MARGIN per 100 lbs milk based on 75-lb herd average and USDA's PA All-Milk price, USDA com & alfalfa hay & Buff., NY soybean prices (lactating feed only)																
12.73	13.17	13.09	13.76	13.78	13.10	12.20	11.24	8.27	6.79	9.44	12.67	11.10	*10.91	*11.31	*13.92	↑

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																							
16.00	0.02	15.50	0.29	16.50	0.79	16.75	0.96	16.75	0.95	17.00	1.05	17.25	1.06	17.25	1.05	17.50	1.14	17.25	0.97	17.25	1.08	17.00	1.12
MAR-21			SEP-21			DEC-21			MAR-22			Example Daily Strike Price / Premium		MAR-21		JUL-21		OCT-21		DEC-21			
CORN (\$/BU) OPTIONS — CALLS																							
5.20	22.00	5.30	28.10	5.20	23.10	5.50	20.20	5.80	05.00	7.00	05.70	6.60	06.10	6.90	07.10	420	40.45	470	23.95	410	24.95	410	26.35
SOYMEAL (\$/TON) OPTIONS — CALLS																							
540	01.50	570	05.90	600	03.15	570	05.25																

CORN FUTURES (\$/BU)												
MAR-21	MAY-21	JUL-21	SEP-21	DEC-21	MAR-22	MAY-22	JUL-22	SEP-22	DEC-22	MAY-23	JUL-23	TREND
5.340	5.352	5.280	4.684	4.454	4.480	4.504	4.516	4.174	4.054	4.130	4.136	MIXED
WEEK AGO												
5.260	5.282	5.250	4.776	4.550	4.612	4.650	4.670	4.266	4.120	4.180	4.194	

SOYMEAL FUTURES (\$/TON)												
JAN-21	MAR-21	MAY-21	JUL-21	AUG-21	SEP-21	OCT-21	DEC-21	JAN-22	MAR-22	MAY-22	JUL-22	TREND
436.6	433.7	429.0	413.7	393.5	374.2	371.4	367.6	356.6	352.5	351.1	345.2	MIXED
WEEK AGO												
450.5	447.0	443.0	430.4	412.6	395.1	391.9	388.3	377.0	372.2	370.3	364.2	

PA MILK MARGIN & IOFC — LATEST PSU VALUES — *NOV. 2020				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 01/26/21								SPOT CASH TREND 01/26/21	
FEED = \$/CWT	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	JAN	FEB	MAR	APR	MAY	JUN	JUL	DEC 1-31, 2020	DEC. 2020 COMPONENTS	TREND
*NOV.	*7.37 ↓	*10.44 ↑	*13.92 ↑	NFDM	1.138	1.160	1.165	1.168	1.182	1.195	1.220	↓	1.1375 ↓
IOFC = *PREV MO	*7.49	*8.48	*11.31	WHEY	0.455	0.470	0.468	0.455	0.446	0.452	0.450	↓	0.4975 ↓
\$/COW	7.24	10.32	13.76	BUTTER	1.460	1.377	1.491	1.608	1.655	1.690	1.720	↓	1.2800 ↓
				CHEESE	1.664	1.578	1.702	1.728	1.735	1.746	1.770	↓	See Below
				CME SPOT CHEESE: BARRELS 1.4000 / 40 LB BLOCKS 1.5925 ↓ / ↓									

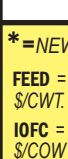
* = NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)												
CL I ADV	CL II	CL III	CL IV	ALL-MILK-U.S.	ALL-MILK-PA	CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW						
15.54(FEB)	14.01(DEC)	15.72(DEC)	13.36(DEC)	21.30(NOV) ↑	20.20(NOV) ↑	WEIGHTED AVG. 4-WK	DEC 1-31, 2020					DEC. 2020 COMPONENTS
15.14	13.86	23.34	13.30	20.20	18.80	PRODUCT	VALUE	MAKE	ALLOW	NET	PROT	3.0282 ↓
MONTH AGO												
17.55	16.81	19.37	16.70	21.10	21.10	BUTTER	1.4558	0.1715	1.2716	↓	B.FAT	1.5399 ↓
YEAR AGO												
17.55	16.81	19.37	16.70	21.10	21.10	NFDM	1.0951	0.1678	0.9273	↑	N.FAT	0.9180 ↑
NO TEST												
1100	1050	975	775	775	900	400	N/A	475	N/A	1000	OTHER	0.2245 ↑

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. JAN. 20, 2021 sale New Holland, PA) *PRICES ALL LOWER														
COWS: Fresh Bred Springing HEIFERS: Bred Beef x (bred) Springing Open: 500 lbs Beef X 600-900 lbs 900-1000 lbs BULLS (1100-1300 lb)														
1000			800			750			NO TEST				800	
MONTH AGO COMPARISON														
1100			1050			975			775				775	
FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)														
Choice & Prime 1250-1550 lbs light test			82.00			CURRENT Beef X			75.00(Ltd)			88.60		
BULL CALVES: No. 1 & 2, 90-130 lbs														
70-85 lbs			83.00			185.00			72.00			85.00		
70-85 lbs			45.00			200.00			75.00			73.00		

brought to you by:

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

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



Average to high dressing

Avg. of prices reported by USDA Market News for PA Auction Markets JAN. 21-26, 2021			
CULL MARKET COWS (\$/CWT LIVEWEIGHT)			
Premium White	Breakers	Boners	Lean
57.50	55.75 ↓	54.25 ↑	48.60 ↑
WEEKS AGO			
N/A	56.75	52.50	48.50
YEAR AGO			
N/A	59.85	58.85	50.85