

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — FEB. 16, 2022 — except where noted



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**2021 exports set records:** 2021 was a year of tight margins that saw the Dairy Margin Coverage (DMC) program pay out every month except December where the margin, at \$9.53 per cwt., just missed triggering an indemnity by a few cents. Exports last year set multiple records. Final 2021 milk production numbers have yet to be released but it is expected to be up slightly compared to 2020. If not for record exports, margins would have been even worse in a year where overall production growth continued.

For the second year in a row, 2021 exports set a volume record. According to the U.S. Dairy Export Council (USDEC), the U.S. exported a total of 2.3 million metric tons (MT) of milk solid equivalents in 2021. This was 10% more than the 2.1 million MT record set in 2020. Export volume was equivalent to over 17% of total 2021 milk production which tops 16% set in 2018. The top four export categories—nonfat dry milk/skim milk powder (NDM/SMP), whey powders, cheese, and lactose exports—drove the high volume, each setting their own records.

**NFDM/SMP** - At nearly 893,000 MT, NDM/SMP exports is the largest category. NDM/SMP exports eclipsed the 2020 record by 214,698 MT (+10%).

**Whey** - At an additional 57,509 MT (+10%) compared to the previous record set in 2020, whey powder exports reached 613,943 MT.

**Cheese** - Cheese exports totaled 404,675 MT and represents a 49,267 MT (+14%) increase over the previous record set in 2014.

**Lactose** - At 393,035 MT, lactose exports also reached a record volume.

**Fluid Milk/Cream** - Although not a major contributor to total exports, fluid milk/cream also set an export record at nearly 38 million gallons.

**Butterfat** exports equaled 57,487 MT and represents the sixth largest export category. This did not set a record but is the second highest annual total behind 2014's record year.

2021 dairy export value surpassed the \$7 billion mark for only the second time. At an estimated \$7.751 billion, 2021 exports surpassed the previous record of \$7.081 set in 2014 by 9%.

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

The top four export markets for U.S. dairy in terms of value are Mexico (\$1.8 billion), Southeast Asia (\$1.4 billion), Canada (\$917 million), and China (\$708 million), totaling \$4.8 billion. This represents 62% of total export value.

The order of the top four market changes slightly when analyzing volume. The order is Southeast Asia (567,000 MT), Mexico (510,000 MT), China (417,000 MT), and South America (110,000 MT) jumps Canada (100,000 MT) for fourth place.

Twenty years ago, the U.S. was not a major dairy exporter. The U.S. imported more than it exported which was equivalent to somewhere around 5% of total U.S. dairy production at the time. Since the early 2000s, the U.S. has become the second largest dairy exporting country behind New Zealand and the third largest region behind New Zealand and the European Union.

At the Pennsylvania Dairy Summit earlier this February, Matthew Gould, President of Dairy & Food Market Analyst, Inc. explained that due to environmental and political pressures, the U.S. is the only major dairy exporter with the capability to increase production enough to satisfy the growing international demand for dairy. He believes exports will become even more important to the U.S. dairy economy in the years to come.

According to Gould, "The next seven years should be better than the last seven."

Year-End Performance Jan-Dec, USDEC					
	2020	2021	20-21 % Change	20-21 Vol Change	Unit
Total Export Value	\$6,559	\$7,751	18%	1,192	Million \$
Total Milk Solids	\$2,084,783	\$2,299,481	10%	214,698	MT
SMP/NDM	\$810,173	\$892,528	10%	82,355	MT
Dry Whey	\$556,435	\$613,943	11%	57,509	MT
Cheese	\$355,408	\$404,675	14%	49,267	MT
Lactose	\$377,047	\$393,035	4%	15,988	MT

## CME DAILY FUTURES & OPTIONS TRADING — FEB. 9, 2022 AT THE CLOSE

	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	OCT-22	NOV-22	DEC-22	JAN-23	TREND		
<b>CLASS III MILK FUTURES (\$/CWT)</b> vs. wk ago: Feb-Apr \$0.10-0.20 higher, Rest of board unevenly \$0.15 higher to \$0.35 lower	20.75	22.31	22.71	22.06	21.75	21.62	21.48	21.40	21.22	20.73	20.20	19.88	MIXED		
<b>CLASS IV MILK FUTURES (\$/CWT)</b> vs. wk ago: \$0.30-0.70, mostly \$0.50 higher across the board.	23.90	24.75	24.77	24.35	24.13	23.77	23.36	23.06	22.50	22.26	21.54	21.00	↑↑		
----- HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III CONTRACTS OVER LIFE OF CONTRACT & MONTH/DATE OF OCCURRENCE -----															
	22.63 01/22	22.38 02/22	22.71 02/22	22.20 02/22	22.07 02/22	22.00 02/22	21.74 02/22	21.60 02/22	21.20 02/22	20.73 02/22	20.35 02/22	20.20 01/22			
	11.28 05/20	11.03 04/20	11.20 04/20	11.12 04/20	11.20 05/20	11.20 04/20	11.12 05/20	11.20 05/20	11.12 04/20	11.31 04/20	11.20 05/20	11.20 05/20			
<b>CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium</b>	20.75 0.05	22.00 0.34	22.50 0.97	22.00 1.21	21.75 1.37	21.50 1.42	21.50 1.55	21.50 1.62	21.25 1.55	20.75 1.54	20.25 1.53	20.00 1.56			
<b>MILK BASIS (\$/CWT) — PA BASIS &amp; 2016-19 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)</b>	PA 0.62	1.53	2.29	1.82	1.58	0.99	1.03	0.95	0.79	0.60	0.79	1.17			
<b>AVG 1.67 2.55 2.15 1.66 1.45 1.25 1.31 1.15 0.67 0.74 1.38 0.85</b>															
<b>DMC OFFICIAL GROSS MARGINS per cwt. (USDA All-Milk, com/alfalfa &amp; Ill. soybean, feed for all classes of dairy cattle on the farm) Updated with NEW prem. alfalfa feed cost</b>															
<b>DMC</b>	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21	*DEC-21
	10.97	11.64	8.54	6.90	5.97	6.26	6.77	6.67	6.03	5.47	5.03	6.69	8.54	9.14	*9.53 ↑↑

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-20	SEP-20	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21
	13.43	12.33	14.44	15.47	12.51	11.25	10.51	10.66	11.31	11.53	10.77	10.19	9.79	10.94	12.46	*14.11 ↑↑
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)																
	12.67	11.10	10.91	11.31	12.36	10.53	8.56	8.15	9.24	9.37	9.76	10.20	10.04	11.07	12.26	*12.78 ↑↑

CORN FUTURES (\$/BU)													
	MAR-22	MAY-22	JUL-22	SEP-22	DEC-22	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	JUL-24	DEC-24	TREND
	6.470	6.456	6.406	6.052	5.936	6.004	6.040	6.052	5.646	5.572	5.642	5.636	↑↑
----- WEEK AGO -----													
	6.476	6.462	6.406	6.010	5.886	5.952	5.984	5.980	5.636	5.582	5.650	5.650	

SOYMEAL FUTURES (\$/TON)													
	JAN-22	MAR-22	MAY-22	JUL-22	AUG-22	SEP-22	OCT-22	DEC-22	JAN-23	MAR-23	MAY-23	JUL-23	TREND
	449.4	447.3	446.4	438.1	427.8	418.8	417.5	413.7	402.8	395.7	393.0	383.3	MIXED
----- WEEK AGO -----													
	468.7	466.8	465.2	454.4	434.1	481.1	419.2	412.7	402.2	393.4	390.9	382.3	

*NEW PA MILK MARGIN & IOFC—LATEST PSU VALUES — *NOV. 2021				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 02/16/22								SPOT CASH TREND		
FEED =	FEED COST	IOFC	PA MILK MARGIN	FEB	MAR	APR	MAY	JUN	JUL	AUG			02/16/22	
\$/CWT.	(\$/CWT milk)	@ 75 lbs milk	(\$/CWT milk)	NFDM	1.740	1.812	1.840	1.834	1.828	1.802	1.773	↑↑	1.8900	↑↑
IOFC =	*NOV (estimated)	*8.02↑↑	*9.59↑↑	WHEY	0.770	0.795	0.777	0.742	0.712	0.695	0.690	↓↓	0.8100	↓↓
\$/COW	PREV MO	7.64	9.19	BUTTER	2.610	2.650	2.585	2.514	2.485	2.470	2.467	↑↑	2.8000	↑↑
	YR AGO	7.49	8.48	CHEESE	1.910	2.102	2.145	2.110	2.084	2.072	2.077	↑↑	See Below	
				CME SPOT CHEESE: BARRELS 1.9200 / 40 LB BLOCKS 1.9825 ↑↑ / ↑↑										

*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. 4-WK		JAN. 1-29, 2022		JAN. 2022		COMPONENTS					
*22.88(MAR)	22.83(JAN)	20.38(JAN)	23.09(JAN)	21.80(DEC)↑↑	22.30(DEC)↑↑	PRODUCT	VALUE	MAKE ALLOW	NET								
----- MONTH AGO -----						CHEESE	1.8978	0.2003	1.6975	↑↑	PROT	2.3563	↑↑				
21.64	19.84	18.36	19.88	20.80	21.50	BUTTER	2.6130	0.1715	2.4715	↑↑	B.FAT	2.9567	↑↑				
----- YEAR AGO -----						NFDM	1.6488	0.1678	1.4810	↑↑	N.FAT	1.4662	↑↑				
15.20	14.18	16.04	13.75	18.50	18.80	DRYWHEY	0.7087	0.1991	0.5096	↑↑	OTHER	0.5249	↑↑				

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. Feb. 9, 2022 sale New Holland, PA)															
COWS: Fresh				Bred Springing				HEIFERS: Bred				Springing Beef x			
1200	1325	1350		1175	1100	850		Open: 300-600 lbs	Beef X	600-900 lbs	900-1100 lbs	BULLS(1000 lb)			
								N/A	N/A	575	1150	1125			
----- MONTH AGO COMPARISON -----															
1200	1150	1200		900	1150	N/A		375	N/A	625	750	N/A			
Avg. of prices reported by USDA Market News for PA Auction Markets Feb. 3-8, 2022															
CATTLE MARKET COWS (\$/CWT LIVELINE)															
Premium White	Breakers	Boners	Lean	FED HOLSTEIN STEERS (\$/CWT LIVELINE)		CURRENT		Beef X	WEEK AGO	YR AGO					
77.35	78.75↑↑	71.60↑↑	65.50↑↑	Choice & Prime	1250-1550 lbs light test	111.35		113.85	75.00	↓↓					
----- TWO WEEKS AGO -----				BULL CALVES: No. 1 & 2, 90-130 lbs		113.00	210.00	104.00	95.00	↑↑					
N/A	75.85	67.25	55.35	70-85 lbs		108.00	210.00	112.00	95.00	↓↓					
----- YEAR AGO -----															
66.10	62.00	58.35													

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