

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — FEB. 23, 2021 — except where noted

ZACH MYERS
Risk Education
Manager
336-468-0726
zmyers@centerfordairyexcellence.org



FEBRUARY: Here we are at the close of another month. It has certainly been a snowy February in Pennsylvania. Hopefully, spring is around the corner. Class III prices have moderated somewhat since the end of January. Class III futures price for the next 12 months averages \$17.20 per cwt, only 3 cents less than the end of January. Class IV 12-month average, however, fell \$0.19 per cwt to \$15.33 during the same period. Class IV production of dairy foods like nonfat dry milk and butter are increasing despite relatively strong demand. This is putting pressure on the Class IV price. The Farmers to Families Food Box program continues to help Class III maintain.

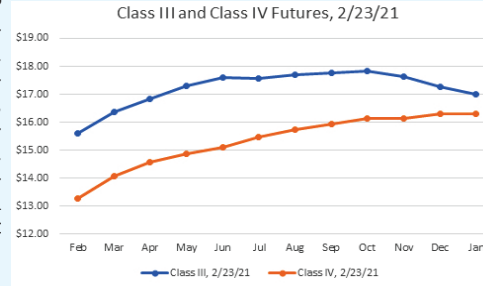
January's U.S. milk production was up 1.6% compared to year ago. However, this is the slowest year-over-year (YOY) growth since July 2020 and the first month YOY growth has been less than 2% since last August. Milk production was 19.2 billion pounds. Increased production was the result of a slight increase in cow numbers and production per cow compared to last year. The U.S. dairy cow herd grew 0.9% to 9.45 million, and production per cow increased 0.6% (0.5 pounds) to 75.2 pounds per cow compared to January 2020. Pennsylvania milk production in January decreased for the first time in eight months, falling a slight 0.1% to 865 million pounds. The decrease in state milk production was facilitated by a further drop in cow numbers. The Commonwealth's Jan. herd size was 475,000 head, down 1% from Jan. 2020. However, production per cow continues to grow. At 67.5 lbs/day, the average Pennsylvania milk cow now produces 0.6% more milk than last January.

Demand continues to be relatively strong, and that is helping to keep stocks from growing as quickly as they would otherwise. December total butter disappearance was up 5% compared to December 2019, and nonfat dry milk/skim milk powder disappearance is up 1.5%. Unfortunately, with continued sluggish food service sales, both American-style cheese and other-style cheese disappearance is down. American cheese disappearance is down 5.2%, while other cheese was down 2.6% compared to December 2019.

For a limited time (March 1-31), the Center for Dairy Excellence is accepting applications for a new grant. The Dairy Excellence Grant is designed as a 50%

matching grant, up to \$5,000, that can be used for anything related to improving dairy farm efficiency, cow comfort, milk facilities, housing facilities, or feeding systems. The project should focus on improving milk production per cow and/or enhancing the overall farm profitability and efficiency. If interested in applying for this grant, some ideas for improvements include fans, sprinklers or misters in free stall or tie stall barns, construction to move to deep bedded sand stalls, variable speed vacuum pump or receiver jar pump, plate cooler, cow brush foot bath installation, or feed management software.

As part of the application process, you must be enrolled in the National FARM or similar program and have a Conservation and Nutrient Management Plan in place. You will need to list two consultants/advisors who work with you (example: nutritionist, veterinarian, accountant, etc.) and explain how the improvement will help your overall operation and aid in milk production per cow, efficiency and/or cow comfort. The last stipulation is that you must know your cost of production (COP). However, if you do not know your COP currently, do not let that keep you from applying for the Dairy Excellence grant. During the process, someone from the Center will work with you to help determine your COP so you will be eligible for the grant. For more information or to apply, visit www.centerfordairyexcellence.org/dairy-excellence-grants/ or call Melissa Anderson at 717-636-0779.



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 — FEB. 23, 2021 AT THE CLOSE

	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21	DEC-21	JAN-22	TREND			
CLASS III MILK FUTURES (\$/CWT) vs. week ago: <i>Mar-Apr plunges \$1-1.25, rest of board steady-50 cents lower. 12-Month Avg. 17.10</i>	15.64	15.86	16.45	17.04	17.40	17.54	17.65	17.72	17.80	17.63	17.30	17.00	↓↓			
CLASS IV MILK FUTURES (\$/CWT) vs. week ago: <i>Weak to 40 cents lower across the board, esp. front months. 12-Month Avg. 15.30</i>	13.28	13.92	14.47	14.86	15.10	15.48	15.70	15.94	16.13	16.15	16.31	16.30	↓↓			
HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED																
	19.04 01/21	18.92 01/21	18.22 01/21	17.99 01/21	17.99 01/21	17.81 01/21	17.77 02/21	17.82 01/21	17.83 02/21	17.63 02/21	17.40 12/20	17.00 12/20				
	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	14.25 03/20				
MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA 1.81	1.58	1.19	1.60	1.28	1.01	0.85	1.33	1.87	1.70	2.75	2.30				
*AVG 2.25	2.02	1.25	2.14	1.80	1.12	0.90	1.32	1.82	1.65	2.72	2.70					
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 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	DEC-20	
	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	*8.78	
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)	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	*DEC-20
	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	*11.11
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)	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	*10.68

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	MAR-21	SEP-21	DEC-21	MAR-22	Example Daily Strike Price / Premium	MAR-21	JUL-21	OCT-21	DEC-21
15.75 0.17	15.75 0.19	16.50 0.71	17.00 0.82	17.50 0.94	17.50 0.95	17.75 1.03	17.75 0.99	17.75 0.94	17.75 1.07
CORN (\$/BU) OPTIONS — CALLS						SOYMEAL (\$/TON) OPTIONS — CALLS			
5.00 35.70	4.80 38.30	5.00 26.00	5.10 28.20		380 42.40	430 22.20	350 38.90	390 24.70	
5.80 01.00	6.30 07.40	6.40 06.00	7.00 05.70		445 01.40	550 03.60	520 03.55	570 03.30	

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
5.592	5.570	5.472	4.964	4.766	4.834	4.866	4.874	4.474	4.340	4.410	4.430	4.430	↑↑
WEEK AGO													
5.530	5.506	5.402	4.834	4.600	4.670	4.704	4.712	4.322	4.212	4.290	4.314		
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	
428.3	427.3	423.8	412.1	399.5	386.9	384.5	381.2	370.6	367.5	367.1	363.7	Mixed	
WEEK AGO													
431.7	431.2	427.9	413.7	396.3	379.0	375.8	371.5	361.3	358.6	358.3	355.1		

*NEW PA MILK MARGIN & IOFC—LATEST PSU VALUES — *DEC. 2020	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)
*DEC (estimated)	7.45↑	*8.01↓	*10.68↓
PREV MO	7.37	10.44	13.92
YR AGO	7.12	10.34	13.78

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 02/23/21	FEB	MAR	APR	MAY	JUN	JUL	AUG	SPOT CASH	TREND
NFDM	1.116	1.084	1.114	1.136	1.155	1.181	1.205	1.0900	↓↓
WHEY	0.504	0.520	0.502	0.485	0.480	0.489	0.487	0.5475	↑↑
BUTTER	1.370	1.585	1.635	1.675	1.710	1.735	1.748	1.4875	↑↑
CHEESE	1.580	1.590	1.662	1.719	1.767	1.784	1.795	See Below	↑↑

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	*NEW ANNOUNCED FEDERAL ORDER VALUES (\$/LB) * = NEW
CL I ADV ↓	WEIGHTED AVG. 4-WK JAN. 1 - 30, 2021
CL II ↑	PRODUCT VALUE MAKEALLOW NET
CL III ↑	CHEESE 1.6502 0.2003 1.4499 ↑
CL IV ↑	BUTTER 1.4548 0.1715 1.2833 ↑
ALL-MILK-U.S. 18.50(DEC) ↓	NFDM 1.1345 0.1678 0.9667 ↑
ALL-MILK-PA 18.80(DEC) ↓	DRYWHEY 0.4595 0.1991 0.2604 ↑
	*JAN. 2021 COMPONENTS
	PROT 3.0355 ↑
	B.FAT 1.5541 ↑
	N.FAT 0.9570 ↑
	OTHER 0.2682 ↑

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. FEB. 17, 2021 sale New Holland, PA)	COWS: Fresh Bred Springing	HEIFERS: Bred Beef x (bred) Springing Open: 300 lbs	Beef X 600-900 lbs	900-1000 lbs	BULLS (1100-1300 lb)
	1060	985	925	885	N/A
	300	N/A	525	875	1065
MONTH AGO COMPARISON					
	1075	900	875	850	N/A
				850	
				325	N/A
				500	655
					950

FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)	CURRENT	Beef X	WEEK AGO	YR AGO
Choice & Prime 1250-1550 lbs light test	82.00		82.00	89.00
BULL CALVES: No. 1 & 2, 90-130 lbs	100.00	175.00	100.00	135.00
			55.00	210.00
			55.00	55.00

Price averages do not include lower-end common

Average to high dressing

Premium White Breakers Boners Lean

67.35 ↑ 61.25 ↓ 52.00 ↓

WEEK AGO: 62.15 67.35 61.25 52.00

YEAR AGO: N/A 72.50 68.00 61.85

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