

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — MAR. 2, 2021 — except where noted

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**2020 Dairy Producer Survey:** COVID-19 was a tremendous disruption to dairy markets last year, and it continues to disrupt markets the beginning of this year. Late last spring, the Center along with input from the Penn State University Smeal College of Business developed a survey to gather information on the demographics of Pennsylvania's dairy farms and to evaluate what effects COVID-19 had on dairy farms because of the economic shutdown in the early phase of the pandemic. There were a lot of interesting results and a synopsis of some of those results follows.

In May 2020, the survey was mailed to over 5,000 current and former dairy farmers. Completed surveys were received through the end of July 2020. A total of 711 surveys were completed and returned. 123 of the surveys returned were from dairy farmers that had exited the dairy business at some point prior to the survey, leaving a total of 588 active dairies. Dairy size ranged from 4 cows up to 3,000 cows and were divided into four size categories: <50 cows, 50-99 cows, 100-199 cows, and 200+ cows for analysis. Distribution of the number of herds was, 24%, 43%, 19%, and 13%, respectively, from smallest to largest herd size.

The survey addressed the demographics of the primary operator of the farm in addition to demographics related to the herd. Males made up most primary operators, with 95% of the surveys indicating that a male was in this position. However, 24 (5%) of the 588 active dairies were operated by females. Average age of survey respondents was 54 years. Female primary operators were slightly older on average than males at 58 years compared to 51. The average herd size for this dataset was 136 cows, milking about 65.8 pounds per day or 20,068 pounds per year based on a 305-day lactation. In general, milk production increased as herd size increased with the average cow in the <50 cow herd size producing 16,254 pounds per year compared to 21,760 pounds per year for the 200+ category.

One result was particularly concerning, yet resources exist to address the issue. When asked if they calculate their cost of production (COP), 71% of dairies reported that they do not calculate COP. The first thing in developing an effective risk management plan is to know COP to be able to protect a

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

breakeven milk price. If you do not know your COP and would like help calculating it, ask your lender or accountant as they can help you. If you are in Pennsylvania, I am available to help as is Penn State Extension.

Dairy farms were also asked to indicate if they had to dump milk between April and June 2020. Sixty dairies reported having to dump milk during this timeframe. The 200+ cow category had to dump the most milk, dumping 1.1 million pounds compared to 920,000 for the other three size categories combined. However, on a percentage of milk production basis, the 100-199 dumped the most milk at 19% during this three-month timeframe compared to 15% for <50, 10.1% for 50-99 and 9.6% for 200+.

There are many more results, but not enough space in this column. If you are interested in the full report, visit [centerfordairyexcellence.org/2020-dairy-producer-survey-results/](http://centerfordairyexcellence.org/2020-dairy-producer-survey-results/). You can also view the February 19, 2021 webinar that we held to highlight some of the results. Additionally, if you were one of the 711 farmers who took the time to complete the survey, thank you for you input.

Lastly, the Mar. 15, 2021 Crop Insurance deadline is rapidly approaching. Contact your Crop Insurance agent or your local USDA Service Center for more details. With row crop prices expected to be higher this year than the last several years, do not miss out on Crop Insurance to help protect the revenue if grain commodity prices drop unexpectedly.

	# Farms	# Cows	Milk Production/ Cow/Year
<50 Cows	142	38	16,254
50-99 Cows	255	68	18,218
100-199 Cows	113	137	17,829
200+ Cows	78	534	21,760
Totals/Average	588	136	20,068

## CME DAILY FUTURES & OPTIONS TRADING — MAR. 2, 2021 AT THE CLOSE

	MAR-21	APR-21	MAY-21	JUN-21	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	TREND				
<b>CLASS III MILK FUTURES (\$/CWT)</b> vs. week ago: <i>Mar-Aug \$0.50-1.50 higher, rest of board 15-40 cents higher. 12-Month Avg. 17.73</i> ↑↑	16.34	17.80	17.99	18.00	18.09	18.15	18.20	18.24	18.01	17.70	17.17	17.11	↑↑				
<b>CLASS IV MILK FUTURES (\$/CWT)</b> vs. week ago: <i>Mar-Nov. \$0.60-1.25 higher, rest of board 20-40 cents higher. 12-Month Avg. 16.33</i> ↑↑	14.82	15.37	15.86	16.11	16.46	16.77	16.76	16.80	16.90	17.00	16.56	16.65	↑↑				
HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED																	
	18.92 01/21	18.22 01/21	17.99 01/21	18.00 03/21	18.09 03/21	18.15 03/21	18.20 03/21	18.24 03/21	18.01 03/21	17.70 03/21	17.17 03/21	17.11 03/21					
	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	14.70 03/20					
<b>MILK BASIS (\$/CWT) — PA BASIS &amp; 2014-16 AVG OF PA/NY/VT/OH</b> — <i>YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)</i>	PA 1.58	1.19	1.60	1.28	1.01	0.85	1.33	1.87	1.70	2.75	2.30	1.81					
<b>*AVG</b>	2.02	1.25	2.14	1.80	1.12	0.90	1.32	1.82	1.65	2.72	2.70	2.25					
<b>DMC OFFICIAL GROSS MARGINS per cwt. (USDA All-Milk, com/alfalfa hay &amp; Illinois soybean prices, feed for all classes of dairy cattle on the farm)</b>																	
<b>DMC</b>	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	*JAN-21	TREND	
	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	*7.14	↓↓	
<b>U.S. AVG MILK MARGIN per 100 lbs milk based on 75-lb herd avg &amp; USDA's All-Milk price, USDA-reported com &amp; alfalfa hay &amp; Ill. soybean prices (lactating feed only)</b>																	
<b>U.S. AVG MILK MARGIN</b>	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	*JAN-21	TREND
	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	*15.47	*12.51	*11.08	↓↓
<b>PA AVG MILK MARGIN per 100 lbs milk based on 75-lb herd average and USDA's PA All-Milk price, USDA com &amp; alfalfa hay &amp; Buff., NY soybean prices (lactating feed only)</b>																	
<b>PA AVG MILK MARGIN</b>	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	*12.36	*10.53	*10.06	↓↓

<b>CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium</b>																							
	MAR-21	SEP-21	DEC-21	MAR-22	Example Daily Strike Price / Premium	MAR-21	JUL-21	OCT-21	DEC-21														
16.50	0.26	18.00	0.89	18.00	0.91	18.00	0.94	18.00	0.97	18.25	1.06	18.25	1.05	18.25	1.00	18.00	1.00	17.75	1.04	17.25	1.02	17.25	1.07
<b>CORN (\$/BU) OPTIONS — CALLS</b>																							
	MAR-21	SEP-21	DEC-21	MAR-22	Example Daily Strike Price / Premium	MAR-21	JUL-21	OCT-21	DEC-21														
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								

<b>CORN FUTURES (\$/BU)</b>													
	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
	5.502	5.352	5.240	4.896	4.734	4.812	4.854	4.866	4.474	4.326	4.396	4.416	↓↓
WEEK AGO													
	5.592	5.570	5.472	4.964	4.766	4.834	4.866	4.874	4.474	4.340	4.410	4.430	

<b>SOYMEAL FUTURES (\$/TON)</b>													
	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
	420.2	418.8	417.3	406.6	393.8	380.8	378.4	375.7	368.3	366.1	365.9	362.4	↓↓
WEEK AGO													
	428.3	427.3	423.8	412.1	399.5	386.9	384.5	381.2	370.6	367.5	367.1	363.7	

<b>*NEW PA MILK MARGIN &amp; IOFC—LATEST PSU VALUES — *JAN. 2020</b>				<b>CME DAIRY CASH-SETTLED FUTURES (\$/LB) 03/02/21</b>										<b>SPOT CASH</b>	<b>TREND</b>
FEED = \$/CWT.	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	MAR	APR	MAY	JUN	JUL	AUG	SEP				03/02/21	
	*JAN. (estimated) *8.15	*7.55	*10.06	1.120	1.177	1.215	1.236	1.261	1.280	1.290	↑↑	↑↑	↑↑	1.1750	
	*PREV MO *8.27	*7.90	*10.53	0.535	0.547	0.532	0.530	0.534	0.520	0.522	↑↑	↑↑	↑↑	0.5650	
	YR AGO 7.10	9.83	13.10	1.720	1.760	1.797	1.810	1.844	1.870	1.870	↑↑	↑↑	↑↑	1.7150	
				1.619	1.752	1.782	1.796	1.804	1.810	1.816	↑↑	↑↑	↑↑	See Below	
<b>CME SPOT CHEESE: BARRELS 1.4200 / 40 LB BLOCKS 1.6200 ↑↑ / ↑↑</b>															

<b>*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)</b>														<b>CURRENT FEDERAL ORDER VALUES (\$/LB) *NEW</b>					
*CL I ADV	*CL II	*CL III	*CL IV	*ALL-MILK-U.S.	*ALL-MILK-PA				WEIGHTED AVG. 4-WK FEB. 1-27, 2021			*FEB. 2021 COMPONENTS							
*15.20(MAR)	*14.00(FEB)	*15.75(FEB)	*13.19(FEB)	*17.50(JAN)	*17.30(JAN)							*CHEESE	1.5954	0.2003	1.3951	↓↓	*PROT	2.9816	↓↓
MONTH AGO												*BUTTER	1.3586	0.1715	1.1871	↓↓	*B.FAT	1.4376	↓↓
15.54	14.18	16.04	13.75	18.50	18.80							*NFDM	1.1164	0.1678	0.9486	↓↓	*N.FAT	0.9391	↓↓
YEAR AGO												*DRYWHEY	0.5060	0.1991	0.3069	↑↑	*OTHER	0.3161	↑↑
17.46	16.84	17.00	16.20	19.60	20.20														

<b>CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. FEB. 24, 2021 sale New Holland, PA)</b>													
<b>COWS: Fresh Bred Springing</b>				<b>HEIFERS: Bred Beef x (bred) Springing Open: 300-600 lbs</b>				<b>Beef X 600-900 lbs</b>		<b>900-1000 lbs</b>		<b>BULLS(1100-1300 lb)</b>	
	1035	950	1100	880	550	900	450	N/A	575	N/A	925		
MONTH AGO COMPARISON													
	1075	800	1200	750	N/A	825	350	N/A	400	N/A	990		

<b>FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)</b>				<b>BULL CALVES: No. 1 &amp; 2, 90-130 lbs</b>			
Choice & Prime 1250-1550 lbs light test	70-85 lbs	70-85 lbs	70-85 lbs	CURRENT	Beef X	WEEK AGO	YR AGO
	85.00	75.00	65.00	85.00	160.00	82.00	89.00
				65.00	170.00	100.00	50.00
						55.00	42.00

Average to high dressing

Premium White	Breakers	Boners	Lean
68.25	63.85	57.35	57.35
WEEK AGO			
62.15	67.35	61.25	52.00
YEAR AGO			
N/A	72.50	67.75	61.85

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