

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — MARCH 9, 2022 — except where noted



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2021 Milk Production: Each February, annualized cow numbers, milk production, and licensed dairy farms are included in the USDA Milk Production report. The following is a summary of some of the data found in that report. Total 2021 U.S. milk production grew by 1.3% compared to 2020 at 226.3 billion pounds. This was accomplished by both increased cow numbers and milk production per cow. The national dairy herd reached a multi-decade high of 9.448 million dairy cows. The 2021 dairy herd grew by 56,000 (+0.6%) head compared to 2020. Milk production per cow continued its multi-year increase by improving by a slight 171 (+0.7%) pounds to reach 23,948 pounds per cow. This is equivalent to about 78.5 pounds per day based on a 305-day lactation. California leads the country in total production at nearly 42 billion pounds followed by Wisconsin at nearly 31 billion pounds. Michigan leads the country in milk production per cow at 27,102 pounds which is 72 pounds per cow less than 2020. This equates to 88.9 pounds per cow per day.

Pennsylvania produced a total of 10.1 billion pounds of milk or about 165 million (-1.6%) pounds less than 2020. The decrease in total production was the result of reduced cow numbers. The state dairy herd fell 8,000 head (-1.7%) compared to 2020 and ended the year with 474,000 dairy cows. Milk production per cow was basically flat, increasing just 12 pounds (+0.06%) to 21,338. This represents record production for the average Pennsylvania dairy cow but still falls short of the national average by 2,610 pounds annually. The average Pennsylvania dairy cow produces about 70.0 pounds of milk per day based on a 305-day lactation. Pennsylvania ranks 30th in the country in terms of production per cow. Minnesota moved past Pennsylvania in the national rankings last year as the seventh largest dairy state in terms of total milk production. Currently, both Michigan (ranked sixth) and Minnesota produce more milk with fewer cows, 441,000 and 461,000 head, respectively than Pennsylvania. Among other top 10 dairy states, Texas moved ahead of New York with the fourth largest milk production in the country.

The number of licensed dairy farms has been declining for decades, and 2021 did not change that trend. With 29,858 dairies to end 2021, there was a net loss of 1,794 (-5.7%) dairies across the country. However, the decades-long

trend of herd consolidation continued. The national dairy herd size increased by 20 cows (+6.4%) to reach 316. Licensed dairy farms in Pennsylvania did not decline as steeply as the national average but did fall by 230 (-4.2%) dairy farms through 2021 to end the year with 5,200. Even though total cow numbers and dairy farm numbers fell through 2021, slight consolidation continued. The average Pa. herd size grew by two cows last year to reach 91. Pennsylvania held its rank as the state with the second largest number of dairy farms behind Wisconsin (6,770). Of the top 24 dairy states, New Mexico, Arizona, Georgia, Florida, and Virginia lost the largest percentage of dairy farms. Losses in these states ranged from -11.4% in Virginia to -14.3% in New Mexico.

On March 1, 2022, the Center opened a third round of Dairy Excellence Grants to Pa. dairy farmers. This program is a 50% matching grant up to a max of \$5,000 for projects that increase cow comfort, milk production, or the overall efficiency of the dairy operation. For more information and to apply, visit centerfordairyexcellence.org/dairy-excellence-grants. If you have questions or would like to request a paper application, you may call me at the contact information listed above or Melissa Anderson at 717-636-0779. To be considered for this grant, applications must be submitted or postmarked by March 31, 2022. This is a competitive grant. Providing complete and thoughtful answers to the application questions will increase your chances of being awarded a grant.

2021 Top 8 Dairy States

	Dairy Cows, 1,000s	Milk Production, million #	% Change from 2020	Licensed Dairies	% Change from 2020
CA	1,719	41,864	1.3	1,195	-1.6
WI	1,274	31,702	3.1	6,770	-4.8
ID	652	16,412	1.1	430	-2.3
TX	622	15,599	5.0	340	-5.6
NY	627	15,540	1.6	3,430	-6.0
MI	441	11,952	2.3	1,140	-5.0
MN	461	10,548	3.7	2,215	-5.7
PA	474	10,114	-1.6	5,200	-4.2

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 — MARCH 9, 2022 AT THE CLOSE

	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	OCT-22	NOV-22	DEC-22	JAN-23	FEB-23	TREND			
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: <i>current month up \$0.30, May-Jul \$1-1.25 higher, Aug-Feb \$0.60-0.70 higher</i>	22.54	24.26	24.25	24.20	23.85	23.32	23.10	22.61	22.20	21.65	21.09	20.62	12-Month Avg. 22.81 ↑↑			
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: <i>Steady to \$0.60 higher, strongest advance Sep. 2022 through Feb. 23</i>	24.80	25.18	25.18	25.00	24.62	24.50	24.30	23.90	23.55	22.95	21.90	21.35	12-Month Avg. 23.94 ↑↑			
HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III CONTRACTS OVER LIFE OF CONTRACT & MONTH/DATE OF OCCURRENCE	22.54 03/22	24.26 03/22	24.25 03/22	24.20 03/22	23.85 03/22	23.32 03/22	23.10 03/22	22.61 03/22	22.20 03/22	21.65 03/22	21.09 03/22	20.62 03/22				
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	22.50 0.09	24.00 0.58	24.25 1.25	24.25 1.24	23.75 1.50	23.00 1.45	23.00 1.66	22.50 1.60	22.25 1.69	21.75 1.73	21.00 1.61	20.50 1.59				
MILK BASIS (\$/CWT) — PA BASIS & 2016-19 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA 1.53	2.29	1.82	1.58	0.99	1.03	0.95	0.79	0.60	0.79	1.17	0.62				
DMC OFFICIAL GROSS MARGINS per cwt. (USDA All-Milk, com/alfalfa & Ill. soybean, feed for all classes of dairy cattle on the farm) Updated with NEW prem. alfalfa feed cost	DMC 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	*JAN-22	TREND
	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	*11.54	↑↑

	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	*DEC-21
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)	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	*13.55
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)	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	*14.70

	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
CORN FUTURES (\$/BU)	7.350	7.330	7.082	6.620	6.366	6.340	6.314	6.284	5.842	5.736	5.794	5.790	↑↑
WEEK AGO	7.390	7.250	6.936	6.274	6.092	6.122	6.144	5.756	5.652	5.722	5.716	5.726	

	MAR-22	MAY-22	JUL-22	AUG-22	SEP-22	OCT-22	DEC-22	JAN-23	MAR-23	MAY-23	JUL-23	TREND	
SOYMEAL FUTURES (\$/TON)	495.0	474.7	462.3	449.8	438.7	426.0	422.4	413.6	394.3	384.8	379.5	372.1	↑↑
WEEK AGO	457.7	448.0	442.5	429.9	418.1	406.5	404.8	400.6	392.1	388.4	386.9	379.3	

	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	MAR	APR	MAY	JUN	JUL	AUG	SEP	SPOT CASH TREND 03/09/22
PA MILK MARGIN & IOFC—LATEST PSU VALUES — *DEC. 2021	*DEC (estimated) *8.01 ↓↓	*11.03 ↑↑	*14.70 ↑↑	1.804	1.825	1.830	1.831	1.822	1.820	1.805	↓↓ 1.8450 ↓↓
FEED = \$/CWT	8.02	9.59	12.26	0.795	0.787	0.760	0.737	0.715	0.710	0.690	↑↑ 0.7575 ↑↑
IOFC = \$/COW	7.49	8.48	11.31	2.710	2.755	2.740	2.685	2.659	2.620	2.637	↑↑ 2.7775 ↑↑
PREV MO				2.063	2.249	2.265	2.270	2.247	2.213	2.196	↑↑ See Below
YR AGO				CME SPOT CHEESE: BARRELS 2.0850 / 40 LB BLOCKS 2.2325 ↑↑ / ↑↑							

	CL I ADV	CL II	CL III	CL IV	ALL-MILK-U.S.	ALL-MILK-PA	WEIGHTED AVG. 4-WK	FEB. 1-26, 2022	FEB. 2022 COMPONENTS
*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	22.88(MAR)	23.79(FEB)	20.91(FEB)	24.00(FEB)	24.20(JAN) ↑↑	24.80(JAN) ↑↑	1.9068	0.2003	1.7065 ↑↑
*CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW					4.21F	4.13F	2.6668	0.1715	2.4953 ↑↑
PRODUCT VALUE MAKE ALLOW NET							1.7284	0.1678	1.5606 ↑↑
CHEESE							0.7800	0.1991	0.5809 ↑↑
BUTTER									3.0218 ↑↑
NFDM									1.5450 ↑↑
DRYWHEY									0.5983 ↑↑

	COWS: Fresh	Bred	Springing	HEIFERS: Bred	Springing	Beef x	Open:	300-600 lbs	Beef X	600-900 lbs	Beef X	900-1100 lbs	BULLS (1000+ lbs)
CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. March 9, 2022 sale New Holland, PA)	1260	1000	1450	1150	1280	1000	500	400	780	N/A	1100	1000	LTD
MONTH AGO COMPARISON	1150	1135	1300	1175	1175	N/A	N/A	N/A	1050	LTD	1200	LTD	1075
FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)													
Choice & Prime 1250-1550 lbs light test													88.50 ↓↓
BULL CALVES: No. 1 & 2, 90-130 lbs													78.00 ↓↓
70-85 lbs													71.00 ↓↓

Average to high dressing

	Premium White	Breakers	Boners	Lean
WEEK AGO	91.35 ↑↑	81.60 ↑↑	69.85 ↑↑	
YEAR AGO	82.50	75.00	63.50	
N/A	60.50	57.60	48.50	

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