

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — MAR. 9, 2021 — except where noted



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



**FEED COST:** It is not news to any of you that last year was not a great year for milk prices. However, feed prices remained relatively low most of the year and helped offset some of the unexpected low milk price. So far, it is not looking like that will be the case for this year. Corn and soybean meal futures have increased greatly over the last couple of months and are not looking to decrease much this year. With both feedstuffs major ingredients in dairy rations across the U.S., it has caused feed prices to soar related to recent years.

Corn futures for 2021, based on March 8 closing prices, average \$5.26 per bushel. That is \$1.76, or 50% higher, than what corn price averaged in 2020 (\$3.50 per bushel). 2021 Soybean meal futures averaged \$405.20 per ton on March 8, 27% higher than 2020's actual price of \$319.45 per ton. This equates to a current feed cost that is over \$2.00 more than last year. This is not good news because milk price is projected to be slightly lower than last year. Last year, Class III averaged \$18.26. This year, it averages \$17.66 based on announced January and February Class III prices averaged with March 8 Class III closing prices for the remainder of the year. Both corn and soybean meal prices are projected to be the highest since 2014 without 2014 milk prices to offset them.

There are a couple of reasons causing the jump in corn and soybean meal prices. After early projections of both record corn and soybean yields last year, a late drought and other severe weather reduced yield totals, causing a reduction in supply that was not expected.

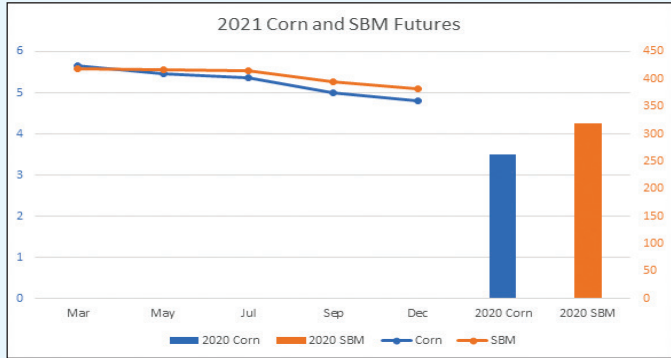
Drought in South America is contributing to the global short supply, placing extra pressure on the U.S. to supply the international market as well as meet domestic demand. China is a major buyer of international corn and soybeans and has increased purchasing of these commodities as it continues to rebuild its swine population as well as service the needs of its massive human population. China also experienced some drought issues reducing its domestic supply.

As spring weather comes to much of the U.S., hopefully we will have a

good growing season this year to help get supply back to where it needs to be. With current prices, more acreage is projected to be planted this year compared to recent years.

March 15, 2021 is the deadline to purchase second quarter 2021 Dairy Revenue Protection (DRP) policies. Although milk price volatility is causing DRP premiums to be more expensive, some quarters show favorable milk price floors and are at least worth considering. Contact your crop insurance agent for more information. After March 15, DRP policies will be available to purchase for third quarter 2021 through third quarter 2022. If you are interested in DRP but do not have an agent, you can find an authorized insurance agent online at [www.rma.usda.gov/informationtools/agentlocator](http://www.rma.usda.gov/informationtools/agentlocator) or by calling your local USDA Farm Service Center.

If you would like to receive dairy news, industry updates, and resources from the Center, sign up for our email list at [www.centerfordairyexcellence.org/newsletter](http://www.centerfordairyexcellence.org/newsletter).



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 — MAR. 9, 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: 10 to 40 cents higher across the board. <b>12-Month Avg. 17.73</b> ↑↑	16.40	17.89	18.40	18.30	18.30	18.30	18.38	18.39	18.25	17.85	17.41	17.35	↑↑				
<b>CLASS IV MILK FUTURES (\$/CWT)</b> vs. week ago: 15-50 cents lower; but Oct, Nov, Jan, Feb steady-nickel higher. <b>12-Month Avg. 16.33</b> ↑↑	14.28	15.15	15.60	16.00	16.22	16.48	16.66	16.81	16.95	16.87	16.56	16.85	↓↓				
<b>HIGHEST &amp; LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT &amp; MONTH / YEAR IT OCCURRED</b>																	
	18.92 01/21	18.22 01/21	18.40 03/21	18.30 03/21	18.30 03/21	18.30 03/21	18.38 03/21	18.39 03/21	18.25 03/21	17.85 03/21	17.41 03/21	17.35 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	14.19 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> — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	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</b> per cwt. (USDA All-Milk, com/alfalfa hay & Illinois soybean prices, feed for all classes of dairy cattle on the farm)	DMC 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</b> 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)	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</b> 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)	13.09	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>													
	MAY-21	SEP-21	DEC-21	MAR-22	Example Daily Strike	MAY-21	JUL-21	OCT-21	DEC-21				
16.50 0.26	18.00 0.71	18.50 0.97	18.25 0.92	18.25 0.97	18.25 0.97	18.50 1.10	18.50 1.11	18.25 1.12	17.75 1.03	17.50 1.10	17.25 1.01		
<b>CORN (\$/BU) OPTIONS — CALLS</b>													
	MAY-21	SEP-21	DEC-21	MAR-22	Example Daily Strike	MAY-21	JUL-21	OCT-21	DEC-21				
5.10 35.00	5.50 26.30	5.20 34.60	5.60 27.30	Price / Premium	380 29.65	400 22.65	380 25.15	390 24.30					
6.40 02.10	6.70 07.30	6.90 07.30	7.00 07.70		435 04.30	495 03.05	500 04.05	540 03.45					

<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
	5.476	5.340	5.242	4.960	4.802	4.874	4.916	4.962	4.530	4.392	4.464	4.500	↑↑
WEEK AGO													
	5.502	5.352	5.240	4.896	4.734	4.812	4.854	4.866	4.474	4.326	4.396	4.416	
<b>SOYMEAL FUTURES (\$/TON)</b>													
	MAR-21	MAY-21	JUL-21	AUG-21	SEP-21	OCT-21	DEC-21	JAN-22	MAR-22	MAY-22	JUL-22	AUG-22	TREND
	410.1	406.8	405.4	396.6	386.4	375.6	373.6	370.3	364.1	362.3	362.1	358.4	↓↓
WEEK AGO													
	420.2	418.8	417.3	406.6	393.8	380.8	378.4	375.7	368.3	366.1	365.9	362.4	

<b>*NEW PA MILK MARGIN &amp; IOFC—LATEST PSU VALUES — *JAN. 2020</b>				<b>CME DAIRY CASH-SETTLED FUTURES (\$/LB) 03/09/21</b>										<b>SPOT CASH TEND</b>
FEED = \$/CWT.	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	MAR	APR	MAY	JUN	JUL	AUG	SEP				03/09/21
*JAN. (estimated)	8.15	7.55	10.06	1.105	1.168	1.205	1.234	1.253	1.283	1.290				1.1750 NC
*PREV MO	8.27	7.90	10.53	0.544	0.576	0.574	0.563	0.560	0.554	0.550				0.5950
YR AGO	7.10	9.83	13.10	1.633	1.720	1.750	1.780	1.802	1.820	1.835				1.6800
				1.622	1.760	1.811	1.805	1.811	1.819	1.830				See Below
				<b>CME SPOT CHEESE: BARRELS 1.5000 / 40 LB BLOCKS 1.7500</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								
15.20	14.00	15.75	13.19	17.50	17.30					*FEB. 2021 COMPONENTS								
MONTH AGO						*CHEESE 1.5954 0.2003 1.3951					*PROT 2.9816							
YEAR AGO						*BUTTER 1.3586 0.1715 1.1871					*B.FAT 1.4376							
						*NFDM 1.1164 0.1678 0.9486					*N.FAT 0.9391							
						*DRYWHEY 0.5060 0.1991 0.3069					*OTHER 0.3161							

<b>CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. March 10, 2021 sale New Holland, PA)</b>															
COWS: Fresh Bred Springing							HEIFERS: Bred Beef x (bred) Springing Open: 300-600 lbs			Beef X 600-900 lbs		900-1000 lbs		BULLS (1100-1300 lb)	
975	600	800	900	700	950	475	450	700	N/A	850					
MONTH AGO COMPARISON															
1075	800	1200	750	N/A	825	350	N/A	400	N/A	990					
<b>FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)</b>															
Choice & Prime 1250-1550 lbs light test															
CURRENT Beef X 88.50															
WEEK AGO 85.00															
YR AGO 85.00															
<b>BULL CALVES: No. 1 &amp; 2, 90-130 lbs</b>															
CURRENT 78.00															
WEEK AGO 75.00															
YR AGO 110.00															
70-85 lbs															
CURRENT 71.00															
WEEK AGO 65.00															
YR AGO 92.00															

Price averages do not include lower-end common

Average to high dressing

**Premium White** 60.50 ↓↓  
**Breakers** 68.35  
**Boners** 57.60 ↓↓  
**Lean** 63.85  
 WEEK AGO 62.15  
 YEAR AGO 67.60

**FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)**  
 Choice & Prime 1250-1550 lbs light test 88.50  
 WEEK AGO 85.00  
 YR AGO 85.00

**BULL CALVES: No. 1 & 2, 90-130 lbs**  
 70-85 lbs  
 CURRENT 71.00  
 WEEK AGO 65.00  
 YR AGO 92.00

brought to you by:  
 FARM SHINE  
 CENTER FOR DAIRY EXCELLENCE  
 pennsylvania DEPARTMENT OF AGRICULTURE