

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — MARCH 23, 2022 — except where noted

MARCH: Welcome to spring! There is warmth in the air with the smell of flowers and fresh earth to enjoy. In addition to the sights and smells of spring, my favorite spring sound is spring peepers in the evenings. Milk price continues to heat up as we move into the spring as well. Class III and IV milk prices continued to increase through March. Class III increased more drastically than did Class IV. The 12-month average Class III price improved \$1.67 per cwt since the end of February to \$23.42 as of the March 21 closing prices. The Class IV 12-month average milk price increased an additional 70 cents over the last few weeks to \$24.32 per cwt. The announced February Class IV milk price of \$24.00 per cwt set a record. Based on March 21 closing prices, Class IV milk price will eclipse the previous month's record each month through May, topping out at \$25.15 per cwt before steadily declining into the upper \$21 range by next February. During the same timeframe, Class III is expected to continue to increase and reach a high of \$24.62 per cwt in June before declining to the mid-\$21s by next February.

The February U.S. milking herd continued to contract year over year (YOY) for the 5th month in a row, falling 96,000 head (-1.0%) since Feb. 2021 to 9.370 million cows. However, Feb. 2022 was the first month since May 2021 to show a month over month increase. The national herd has increased an estimated 3,000 cows since Jan. 2022. February milk production declined 170 million pounds (-1.0%) across the country compared to one year ago to 17.515 billion pounds. The reduction in cow numbers was the sole reason for decreased milk production compared to last year. Per cow milk production remained flat at 1,869 pounds per cow, just one pound more than Feb. 2021. The average U.S. milk cow produced 76.7 pounds of milk per day this past February.

February Pennsylvania milk production and cow numbers followed the national trend. However, milk production per cow across the state improved slightly YOY but not enough to make total production positive. The Keystone State herd shrunk by 7,000 cows compared to February 2021 and by 1,000 cows since January 2022. The reduction in herd size resulted in lower total production, with a YOY decrease of 7 million pounds (-1.0%) of milk to 791 million pounds. The average Pennsylvanian cow produced 1,690 per month

in February, which is 10 pounds more than she did last year. This is equivalent to 69.4 pounds per day.

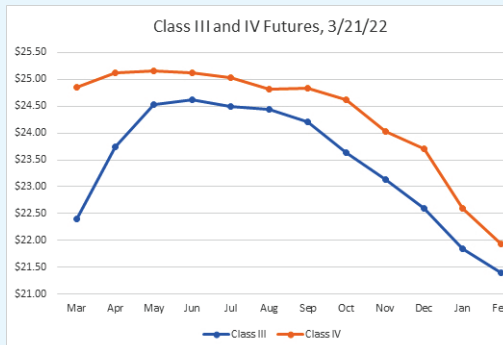
Dairy export data was released at the beginning of March for January. Export value continued its march upward while total volume declined for the second month in a row. The U.S. exported 156,448 metric tons (MT), 4,438 MT (-3%) less than January 2021. Nonfat dry milk/skim milk powder (NDM/SMP) and whey are the highest volume products that leave U.S. borders, and both categories experienced declines. NDM/SMP volumes decreased by 3,462 MT (-6%) while whey products had a sharper 16% volume decline (-6,742 MT). Although port congestion is better than it was a few months ago, port congestion and other supply chain disruptions continue to impact exporters' ability to move dairy products to ports and get them on ships.

Dairy export value experienced a 16% increase in January compared to January 2021. Exports increased \$80.6 million YOY to total \$586 million. The top three dairy exporters, New Zealand, European Union, and the U.S. are experiencing constricting milk supplies that are making dairy product supplies tight worldwide. This bolsters the price and is a key contributor to increased value.

The other reason export value increased in January was because of increased volume of exports in higher value categories like cheese and butterfat. Cheese exports increased by 17% while butterfat exports saw a 53% increase.



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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 23, 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: Apr-Aug \$1.00-2.00 higher, Sept-Dec \$0.40-0.80 higher, Jan-Feb up \$1-1.25	22.39	24.21	25.09	24.97	24.65	24.40	24.16	23.80	23.08	23.43	22.90	22.20	12-Month Avg. 23.73 ↑↑
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: \$0.50-1.00 higher across the board	24.85	25.33	25.43	25.52	25.46	25.36	25.20	24.90	24.53	24.10	23.21	21.94	12-Month Avg. 24.65 ↑↑
----- 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	25.09 03/22	24.97 03/22	24.65 03/22	24.40 03/22	24.16 03/22	23.80 03/22	23.08 03/22	23.43 03/22	22.90 03/22	22.20 03/22	
	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	11.20 05/20	
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	22.50 0.11	24.25 0.41	25.25 1.18	25.00 1.33	24.75 1.5	24.50 1.70	24.25 1.77	23.75 1.78	23.50 1.84	23.00 1.86	22.25 1.79	21.75 1.77	
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	
*AVG YELLOW	2.55	2.15	1.66	1.45	1.25	1.31	1.15	0.67	0.74	1.38	0.85	1.67	
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	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
DEC-21												9.53	*11.54
*JAN-22													↑↑

	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	*JAN-22
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)	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	*15.65
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)	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	*16.98

	MAY-22	JUL-22	SEP-22	DEC-22	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	MAR-24	MAY-24	JUL-24	TREND
CORN FUTURES (\$/BU)	7.576	7.346	6.874	6.722	6.730	6.736	6.712	6.090	5.940	5.992	6.004	5.982	↑↑
----- WEEK AGO -----													
	7.300	6.970	6.470	6.296	6.304	6.310	6.290	5.764	5.636	5.696	5.710	5.722	

	MAY-22	JUL-22	AUG-22	SEP-22	OCT-22	DEC-22	JAN-23	MAR-23	MAY-23	JUL-23	AUG-23	SEP-23	TREND
SOYMEAL FUTURES (\$/TON)	485.1	477.6	464.6	449.3	434.8	431.6	424.5	408.6	401.0	397.4	390.3	381.6	↑↑
----- WEEK AGO -----													
	478.0	465.7	451.8	438.6	427.0	424.2	416.2	397.9	389.3	385.3	378.0	369.4	

	*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *JAN. 2022			CME DAIRY CASH-SETTLED FUTURES (\$/LB) 03/23/22							SPOT CASH TREND			
	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN
FEED = \$/CWT.	*JAN (estimated) *7.94 ↓↓	*12.74 ↑↑	*16.98 ↑↑	1.805	1.830	1.865	1.887	1.899	1.895	1.881	↑↑	↑↑	↑↑	1.8700 ↑↑
IOFC = \$/COW	PREV MO 8.01	11.03	14.70	0.790	0.753	0.735	0.717	0.702	0.692	0.690	↑↑	↑↑	↑↑	0.7550 ↓↓
YR AGO	8.74	6.42	8.56	2.730	2.785	2.765	2.730	2.700	2.680	2.695	↑↑	↑↑	↑↑	2.8025 ↑↑
				2.055	2.253	2.365	2.362	2.348	2.336	2.315	↑↑	↑↑	↑↑	See Below
				CME SPOT CHEESE: BARRELS 2.1900 / 40 LB BLOCKS 2.2400 ↑↑ / ↑↑										

	*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)						*CURRENT FEDERAL ORDER VALUES (\$/LB) * = *NEW						
	CL I ADV ↑↑	CL II ↑↑	CL III ↑↑	CL IV ↑↑	ALL-MILK-US	ALL-MILK-PA	WEIGHTED AVG. 4-WK	FEB. 1-26, 2022	FEB. 2022 COMPONENTS				
	*24.38 (APR)	23.79 (FEB)	20.91 (FEB)	24.00 (FEB)	42.20 (JAN) ↑↑	24.80 (JAN) ↑↑	1.9068	0.2003	1.7065	↑↑	PROT	2.3168	↓↓
	----- MONTH AGO -----						2.6668	0.1715	2.4953	↑↑	B.FAT	3.0218	↑↑
	----- YEAR AGO -----						1.7284	0.1678	1.5606	↑↑	N.FAT	1.5450	↑↑
	15.51	14.00	15.75	13.19	17.50	17.30	0.7800	0.1991	0.5809	↑↑	OTHER	0.5983	↑↑

	CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. March 16, 2022 sale New Holland, PA)																		
	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)
	1275	1200	1700	1150	1300	1200	450	400	775	600	925	1300							
	----- MONTH AGO COMPARISON -----										450	400	625	635	N/A	1300	LTD		
	1200	1110	1500	975	1220	1050	450	400	625	635	N/A	1300	LTD						

	Avg. of prices reported by USDA Market News for PA Auction Markets Mar. 17-22, 2022				FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)				CURRENT Beef X WEEK AGO YR AGO			
	Premium White	Breakers	Boners	Lean	Choice & Prime	1250-1550 lbs	light test	117.00	115.00	90.00	↑↑	
CULL MARKET COWS (\$/CWT LIVELWEIGHT)	87.25 ↑↑	80.85 ↑↑	73.50 ↑↑		BULL CALVES:	No. 1 & 2, 90-130 lbs	117.00	280.00	117.00	280	110.00	↓↓
	WEEK AGO	85.25	79.60	68.35		70-85 lbs	92.00	310.00	92.00	310	120.00	↓↓
	YEAR AGO	67.60	60.35	45.85								

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