

CDE DAIRY MARKETS & MANAGEMENT UPDATE

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



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MARCH 2021: Welcome to spring and daylight saving time. I do not know about you, but when I was farming, "Springing Forward" was not something I looked forward to. It did not have anything to do with one hour less sleep. When you run a dairy, you are not guaranteed a certain amount of sleep each night anyway. Yes, you get extra daylight in the evening, but you also get an extra hour of dark in the morning, at least until the days become longer as the summer solstice approaches. We milked three times per day, and the first shift started at midnight. I always move milking time back one hour to 11:00 p.m. Saturday prior to the early Sunday morning time change, so that everything would be on time when chores began Sunday morning. Of course, the drawback of that was one hour less milk in the tank that day and sometimes confusion if I forgot to remind everyone. Time does not stand still, and we are just a few days away from completing another month in 2021.

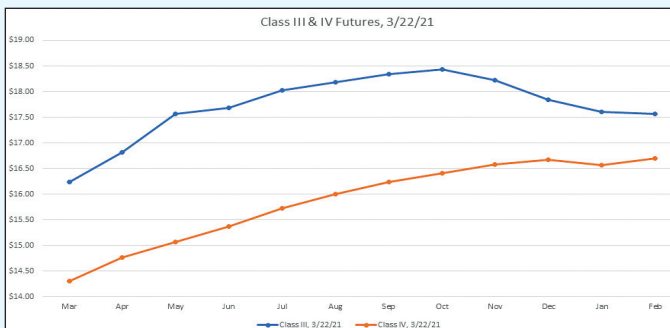
Average Class III and IV milk futures have improved since the end of February. Class III futures for the next 12 months averaged \$17.71 per cwt on March 22, up 51 cents from the end of February. Class IV futures prices gained 54 cents on average from last month to reach \$15.87 per cwt. Improved domestic cheese and butter demand, along with international demand for butterfat and powder, are helping improve milk prices despite being in the early stages of the spring flush. Current U.S. butter and powder prices are a significant discount relative to international powder prices which helps increase exports.

February U.S. milk production, adjusted for leap year, was 2% higher year-over-year (YOY) at 17.63 billion pounds, marking the 9th consecutive month of YOY growth. Milk production growth can be attributed to an increase in both cow numbers and production per cow. The national herd is 81,000 head more than last February and is now 9.458 million head or about 1% higher YOY. Production per cow increased just over 1% to 76.5 pounds, up from 75.6 pounds per cow last February.

Pennsylvania milk production was down to 798 million pounds compared to last year's total production of 833 million. At first glance this looks like a relatively large drop. However, once adjusted for leap year, milk production the past February is still down YOY but only by 0.8%. At 475,000 head, Pennsylvania's herd size was down 8,000 head (-1.66%) from last February. Average production per cow increased 5.3% to 69.0 pounds. Despite each cow producing 3.5 pounds more milk per day this past February, it was not enough to overcome the drop in cow numbers to keep total production growing.

Although January exports posted a YOY decline, it was the second highest January on record in terms of total export volume, and the third largest January in value. A total of 160,887 metric tons (milk solids equivalent) were exported. The value of those exports was estimated at \$505 million.

The deadline to apply for the Center's Dairy Excellence Grant is March 31. To be considered for this grant, your application must be received online or postmarked no later than Wednesday, March 31. The Dairy Excellence Grant is a 50/50 matching grant and will reimburse up to a maximum of \$5,000 to cover projects that will lead to increasing your operation's efficiency or your cows' milk production. If selected for the grant, the funds must be used before June 30, 2021. For more information or to apply, visit centerfordairyexcellence.org/dairy-excellence-grants/.



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. 23, 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				
CLASS III MILK FUTURES (\$/CWT) vs. week ago: Apr-Jul \$0.25-0.75 lower, Aug-Dec \$0.10-0.20 lower, Jan-Feb \$0.05 higher. 12-Month Avg. 17.66																
16.24	16.71	17.48	17.67	17.96	18.14	18.25	18.34	18.17	17.80	17.60	17.58	↓				
CLASS IV MILK FUTURES (\$/CWT) vs. week ago: Mar-Dec \$0.20-0.50 lower, Jan-Feb fully steady. 12-Month Avg. 15.88																
14.30	14.77	15.14	15.41	15.73	16.00	16.24	16.41	16.58	16.67	16.56	16.70	↓				
HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED																
18.92 01/21	18.22 01/21	18.40 03/21	18.30 03/21	18.30 03/21	18.33 03/21	18.38 03/21	18.42 03/21	18.30 03/21	18.00 03/21	17.55 03/21	17.50 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					
MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — 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					
*AVG 2.02	1.25	2.14	1.80	1.12	0.90	1.32	1.82	1.65	2.72	2.70	2.25					
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 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		
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	↓	
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)																
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	
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	↓
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)																
13.09	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	↓

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium												
16.25 0.05	16.75 0.33	17.50 0.86	17.75 0.95	18.00 0.97	18.25 1.07	18.25 1.01	18.25 0.99	18.25 1.10	17.75 1.00	17.50 1.05	17.50 1.07	
CORN (\$/BU) OPTIONS — CALLS				Example	SOYMEAL (\$/TON) OPTIONS — CALLS							
5.30 32.70	5.30 26.30	5.00 33.10	5.20 34.70	Price / Premium	370 32.80	380 30.70	360 31.65	370 29.05				
6.30 02.60	6.40 07.30	6.40 07.50	7.30 07.50		420 04.40	485 03.00	490 04.35	540 03.10				

CORN FUTURES (\$/BU)												
MAY-21	JUL-21	SEP-21	DEC-21	MAR-22	MAY-22	JUL-22	SEP-22	DEC-22	MAR-23	MAY-23	JUL-23	TREND
5.532	5.372	4.866	4.690	4.766	4.814	4.832	4.454	4.356	4.430	4.500	4.294	↓
WEEK AGO												
5.580	5.424	4.970	4.754	4.834	4.880	4.890	4.484	4.354	4.426	4.456	4.496	
SOYMEAL FUTURES (\$/TON)												
MAY-21	JUL-21	AUG-21	SEP-21	OCT-21	DEC-21	JAN-22	MAR-22	MAY-22	JUL-22	AUG-22	SEP-22	TREND
401.0	402.0	396.1	386.4	373.8	371.4	367.8	361.7	360.5	361.3	358.9	354.3	↓
WEEK AGO												
404.9	404.2	396.8	387.3	375.9	373.4	370.0	364.7	363.6	364.3	361.4	355.5	

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *JAN. 2020					CME DAIRY CASH-SETTLED FUTURES (\$/LB) 03/23/21					SPOT CASH TRENDS 03/23/21				
FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)			MAR	APR	MAY	JUN	JUL	AUG	SEP			
*JAN. (estimated) 8.15↑	*7.55 ↓	*10.06 ↓			NFDM 1.106	1.144	1.167	1.194	1.215	1.235	1.248	↓	1.1500	↓
*PREV MO 8.27	*7.90	*10.53			WHEY 0.549	0.580	0.565	0.544	0.541	0.550	0.540	Mixed	0.6125	↑
YR AGO 7.10	9.83	13.10			BUTTER 1.635	1.690	1.715	1.730	1.760	1.780	1.810	↓	1.7000	↑
					CHEESE 1.609	1.640	1.721	1.750	1.785	1.810	1.823	↓	See Below	
					CME SPOT CHEESE: BARRELS 1.4400 / 40 LB BLOCKS 1.7150					↓	↓			

* = NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)							CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW						
*CL I ADV↑	CL II ↓	CL III ↓	CL IV ↓	ALL-MILK-U.S.	ALL-MILK-PA		WEIGHTED AVG. 4-WK FEB. 1-27, 2021						
*15.51 (APR)	14.00 (FEB)	15.75 (FEB)	13.19 (FEB)	17.50 (JAN) ↓	17.30 (JAN) ↓		PRODUCT	VALUE	MAKE ALLOW	NET	FEB. 2021 COMPONENTS		
				4.10F	4.08F		CHEESE	1.5954	0.2003	1.3951	↓	PROT 2.9816	↓
							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	↑

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. March 24, 2021 sale New Holland, PA)												
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)												
	950	710	950	935	700	925	375	N/A	725	N/A	825	
	MONTH AGO COMPARISON			750	N/A	825	350	N/A	400	N/A	990	
	1075	800	1200									
FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT) CURRENT Beef X WEEK AGO YR AGO												
Choice & Prime 1250-1550 lbs light test 90.00 89.50 88.50 ↑												
BULL CALVES: No. 1 & 2, 90-130 lbs 110.00 225.00 100.00 76.00 ↑												
70-85 lbs 120.00 260.00 95.00 No Test ↑												

Price averages do not include lower-end common

Average to high dressing

Premium White	Breakers	Boners	Lean
	67.60↑	60.35↑	45.85↑
	WEEK AGO		
N/A	60.00	59.10	45.00
	YEAR AGO		
N/A	75.00	70.75	67.60

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