

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — APRIL 6, 2021 — except where noted



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New CFAP details available: Since the Biden administration took over in late January, there has been considerable anticipation as to what was going to be done with the stimulus package that was passed the end of December 2020. Newly appointed U.S. Secretary of Agriculture Tom Vilsack recently announced that the Pandemic Assistance for Producers (PAP) program will use \$12 billion from the \$900 billion stimulus package passed in December 2020 during the final weeks of the Trump administration and the more recent \$1.9 trillion stimulus package passed in March 2021. The following article describes some ways the PAP program will benefit agriculture and dairy.

There are four main areas the new program addresses. First, at least \$6 billion will be used to develop new programs and expand current programs to reach a broader range of farmers, including socially disadvantaged farmers, small and medium-sized farms, specialty crops, and support for the food supply chain, among other initiatives. Included in this \$6 billion is money to support the Dairy Donation Program that began last year. The donation program helps get dairy products to food-insecure Americans and reduces food waste. The program reimburses some of the costs associated with processing milk while discouraging the wasteful and expensive dumping of milk. It also helps dairy farmers by providing an outlet to help clear surplus inventory.

The second part includes \$500 million of new funding to bolster existing programs including additional funding for specialty crops, farm stress assistance programs, nutrition programs, and others. The third part was the inclusion of an additional \$6 billion to expand the Coronavirus Food Assistant Program (CFAP) payments, of which \$4.5 billion will be allocated to commodity and specialty farmers, and \$1.1 billion to cattle farmers. This money will support increased payment rates for CFAP1 livestock payments that will be made to farmers that applied for payments during the initial round of CFAP payments. Farmers that applied during the initial CFAP1 timeframe are the only farmers eligible for the supplemental livestock payment. There is no need to reapply for the supplemental CFAP1 livestock payment. Eligible farmers will automatically be paid the supplemental payment based on the livestock

records reported last spring. This would include any cull cows, bull calves, or youngstock destined for the beef market included on the CFAP1 application. There is also funding for an additional \$20 per acre for eligible crops identified as CFAP2 flat-rate or price trigger crops, including alfalfa, corn, soybeans, among other crops. There was also \$2.5 million dollars allocated for outreach and education for historically underserved farmers, including minority farmers, veterans, and new or beginning farmers. Some of these payment details were specified by Congress in the stimulus passed last December.

The last part of the PAP program reopens the CFAP2 payment application process. The original deadline was December 2020. The new application period reopened on April 5 and, according to USDA, will be open for "at least 60 days." Unfortunately, if farmers have already applied for CFAP2 for milk production, they are not eligible for additional milk payments. However, if you have not applied for CFAP2, or if you did not include eligible crops, you can apply now or amend your application with eligible crops or eligible livestock. Just like the previous application process, contact your local Farm Service Agency (FSA) office to apply.

There was no mention of a third round of CFAP payments for dairy in the latest USDA news release nor how or when eligible Dairy Margin Coverage participants could enroll for supplemental production history as language for that was included in the stimulus package passed in December under the previous administration. Lastly, the Payroll Protection Program (PPP) deadline has been extended until May 31, 2021. In the original language, it was unclear whether recipients of a previous PPP loan would be able to apply for a second PPP loan. The Small Business Administration has provided clarification. Businesses can apply for a second draw. However, as in the first PPP loans, there are stipulations on who can apply and what the loan can be used for. Contact your lender for more details.

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 — APR. 6, 2021 AT THE CLOSE

	APR-21	MAY-21	JUN-21	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	TREND				
CLASS III MILK FUTURES (\$/CWT) vs. week ago: Apr-Nov \$0.30-1.00 higher; Dec-Mar \$0.10-0.30 higher. 12-Month Avg. 18.26↑↑	17.45	18.63	18.84	18.78	18.80	18.78	18.70	18.34	18.04	17.65	17.58	17.52	↑↑				
CLASS IV MILK FUTURES (\$/CWT) vs. week ago: Steady to \$0.30 higher, except current month \$0.15 lower. 12-Month Avg. 16.63↑↑	15.33	15.77	16.10	16.50	16.73	16.95	17.10	17.10	16.95	16.95	16.95	16.95	↑↑				
HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED																	
18.22 01/21 18.63 04/21 18.84 04/21 18.78 04/21 18.80 04/21 18.78 04/21 18.70 04/21 18.34 04/21 18.04 04/21 17.65 04/21 17.58 04/21 17.52 04/21																	
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 14.85 03/20																	
MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)																	
PA	1.19	1.60	1.28	1.01	0.85	1.33	1.87	1.70	2.75	2.30	1.81	1.58					
*AVG	1.25	2.14	1.80	1.12	0.90	1.32	1.82	1.65	2.72	2.70	2.25	2.02					
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	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	*FEB-21	TREND	
	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	*6.22	↓↓	
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)																	
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	*FEB-21	TREND	
	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	*10.65	↓↓
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)																	
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	*FEB-21	TREND	
	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	*9.57	↓↓

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																									
17.50	0.12	18.75	0.45	18.75	0.62	18.75	0.77	18.75	0.90	18.75	1.03	18.75	1.14	18.25	1.12	18.00	1.09	17.75	1.19	17.50	1.14	17.50	1.18		
MAY-21		SEP-21		DEC-21		MAR-22		Example		MAY-21		JUL-21		OCT-21		DEC-21									
CORN (\$/BU) OPTIONS — CALLS														Daily Strike		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	
5.604	5.460	4.992	4.854	4.924	4.966	4.990	4.646	4.536	4.606	4.652	4.666	↑↑	
WEEK AGO													
5.642	5.474	4.960	4.774	4.854	4.904	4.924	4.596	4.472	4.540	4.576	4.604		
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	
409.1	411.4	407.2	401.4	394.3	393.0	389.2	377.7	374.1	373.8	370.0	363.5	↓↓	
WEEK AGO													
423.2	424.8	419.6	410.7	399.6	397.5	394.2	383.9	380.9	381.0	378.5	374.1		

*NEW PA MILK MARGIN & IOFC—LATEST PSU VALUES — *FEB. 2021				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 04/06/21										SPOT CASH TEND			
FEED = \$/CWT.	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
	*FEB. (estimated) 8.27↑↑	*7.18 ↓↓	*9.57 ↓↓	1.152	1.178	1.205	1.232	1.261	1.279	1.295	↑↑	1.825	↑↑				
IOFC = \$/COW	*PREV MO 8.15	*7.55	*10.53	0.613	0.623	0.600	0.585	0.565	0.554	0.540	↑↑	0.660	↑↑				
	YR AGO 7.20	9.15	12.20	1.780	1.831	1.870	1.880	1.910	1.929	1.944	↑↑	1.8325	↑↑				
				1.689	1.801	1.837	1.846	1.859	1.860	1.860	↑↑	See Below					
				CME SPOT CHEESE: BARRELS 1.5300 / 40 LB BLOCKS 1.7850 ↑↑ / ↑↑													

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)										CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW				
CL I ADVTT	*CL II↑↑	*CL III↑↑	*CL IV↑↑	*ALL-MILK-U.S.	*ALL-MILK-PA	WEIGHTED AVG. 4-WK MAR. 1-27, 2021					MAR. 2021 COMPONENTS			
15.51 (APR)	*15.07 (MAR)	*16.15 (MAR)	*14.18 (MAR)	*17.10 (FEB) ↓↓	*17.40 (FEB) ↑↑	PRODUCT	VALUE	MAKE	ALLOW	NET	*PROT	2.6954	↓↓	
MONTH AGO						*CHEESE	1.5981	0.2003	1.3978	↑↑	*B.FAT	1.7176	↑↑	
15.20	14.00	15.75	13.19	17.50	17.30	*BUTTER	1.5898	0.1715	1.4183	↑↑	*N.FAT	0.9396	↑↑	
YEAR AGO						*NFDM	1.1169	0.1678	0.9491	↑↑	*OTHER	0.3652	↑↑	
16.64	16.75	16.25	14.87	18.90	19.40	*DRYWHEY	0.5537	0.1991	0.3546	↑↑				

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. April 7, 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 lbs)										
985	900	900	N/A	N/A	910	450	N/A	650	N/A	1285
MONTH AGO COMPARISON										
950	710	950	935	700	925	375	N/A	725	N/A	825
FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)										
Choice & Prime 1250-1550 lbs light test 89.00 91.00 75.00 ↓↓										
BULL CALVES: No. 1 & 2, 90-130 lbs 105.00 110.00 82.00 ↓↓										
70-85 lbs 80.00 275.00 105.00 ↓↓										

Price averages do not include lower-end commodity

Average to high dressing

Premium White 68.25↑↑ Breakers 62.60↑↑ Boners 53.35↑↑ Lean 64.10 WEEK AGO 61.75 YEAR AGO 57.50

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