

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — APRIL 21, 2021 — except where noted

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**Food box program to be terminated in May:** Numerous things happened last year after the pandemic hit full force. The shift in milk demand sent food service sales plummeting, retailers scrambling to keep dairy products in their coolers, and milk prices tumbling. That is just the dairy industry. In turn, many sectors of the U.S. economy were provided relief, including those potentially most affected by the pandemic, those who lost their jobs temporarily or permanently because of business shutdowns, those already financially in need, and small business owners like dairy farmers who experienced potentially catastrophic market crashes. Dairy farmers got perhaps the most direct payments from the government through the Coronavirus Food Assistance Program (CFAP) than at any other time in history. One dairy economist estimated that during 2020, the U.S. government inserted over \$2.2 billion into the dairy economy through direct payments, dairy product purchases, and Small Business Association programs like the Payroll Protection Program (PPP) loans.

One such program that purchased dairy products is soon coming to an end. On April 9, the USDA announced that it was extending the Farmers to Families Food Box Program until the end of May, and then on April 14 announced that the Food Box Program would be terminated when the extension expired in May. At times last year, the Food Box Program purchased as much as \$100 million in dairy products each month propping up the Class III price. Yes, this contributed to the negative Producer Price Differentials (PPDs) experienced since last June. However, farmers still received some benefit from the elevated Class III price. If the Food Box Program would not have generated a surge in demand for cheese, it would have resulted in suppressed Class III price in addition to Class IV price. Even though PPDs were highly negative at times, the resulting blend price was still likely higher last year than it would otherwise have been without the Food Box Program.

Even though the Food Box Program is expected to end next month, the new Administration reinforced its commitment to U.S. dairy farmers by the USDA announcing that dairy purchasing will transition from the Food Box

Program to the new \$400 million Dairy Donation Program in June. Few details about the new program have been announced. In addition to the Dairy Donation Program, the USDA will purchase dairy products directly from dairy companies using funding from The Emergency Food Assistance Program (TEFAP) rather than purchasing boxes of food from Farmers to Families Food Box distributors. One provision in the new purchasing program that is expected, but not confirmed, is a greater emphasis on butter purchasing to help bring Class IV and III milk prices back to within a more normal trading range, thus helping to stabilize PPDs. The USDA's hope with this new combination of the TEFAP dairy purchasing and Dairy Donation Program is that it will bolster Class III and Class IV milk prices.

If you are interested in writing a business plan or have one that you would like updated, I invite you to join the next Protecting Your Profits webinar on April 28, 2021 from 12 to 1 p.m. I will be hosting the webinar, and Phil Taylor, business planning and financial consultant with AgChoice Farm Credit, will be my guest. Taylor will be explaining the components of a good business plan and will help participants better understand what they need to be thinking about to get started creating their own business plan. The webinar is free, and registration is not required. The webinar is available via Zoom, conference call, or live stream on the Center for Dairy Excellence's Facebook page and YouTube channel.

**Protecting Your Profits: Business Planning Webinar**

When: Wednesday, April 28, 2021 from 12 – 1 p.m.  
Where: [www.centerfordairyexcellence.org/AprilPYP](http://www.centerfordairyexcellence.org/AprilPYP)  
Conference Call Format:  
Dial: 1-646-558-8656  
Meeting ID: 848 3416 1708  
Passcode: 474057

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. 21, 2021 AT THE CLOSE

CME DAILY FUTURES & OPTIONS TRADING — APR. 21, 2021 AT THE CLOSE														TREND	
APR-21	MAY-21	JUN-21	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22				
<b>CLASS III MILK FUTURES (\$/CWT)</b> vs. week ago: 10 to 20 cents higher, except May-July 40 cents lower. <b>12-Month Avg. 18.57↑↑</b>														↑↑	
17.70	19.16	19.19	19.29	19.17	19.02	18.81	18.57	18.30	17.99	17.87	17.80				
<b>CLASS IV MILK FUTURES (\$/CWT)</b> vs. week ago: Steady to 20 cents higher, except Aug-Dec 15-30 cents lower. <b>12-Month Avg. 16.92↓↓</b>														Mixed	
15.52	16.09	16.53	16.80	17.01	17.16	17.15	17.26	17.31	17.40	17.40	17.40				
HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED-----															
18.22 01/21	19.96 04/21	20.02 04/21	19.58 04/21	19.19 04/21	19.04 04/21	18.84 04/21	18.44 04/21	18.19 04/21	17.77 04/21	17.70 04/21	17.62 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				
<b>MILK BASIS (\$/CWT) — PA BASIS &amp; 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)</b>															
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				
<b>DMC OFFICIAL GROSS MARGINS per cwt (USDA All-Milk, com/alfalfa hay &amp; Illinois soybean prices, feed for all classes of dairy cattle on the farm)</b>															
DMC 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	*FEB-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	*6.22	
<b>U.S. AVG MILK MARGIN per 100 lbs milk based on 75-lb herd avg &amp; USDA's All-Milk price, USDA-reported com &amp; alfalfa hay &amp; Ill. soybean prices (lactating feed only)</b>															
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
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
<b>PA AVG MILK MARGIN per 100 lbs milk based on 75-lb herd average and USDA's PA All-Milk price, USDA com &amp; alfalfa hay &amp; Buff., NY soybean prices (lactating feed only)</b>															
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														
MAY-21	SEP-21	DEC-21	MAR-22	Example Daily Strike Price / Premium	MAY-21	JUL-21	OCT-21	DEC-21						
17.50 0.02	19.25 0.47	19.25 0.80	19.25 0.91	19.25 1.10	19.00 1.12	18.75 1.12	18.50 1.12	18.25 1.16	18.00 1.27	17.75 1.23	17.75 1.28			
CORN (\$/BU) OPTIONS — CALLS														
5.65 30.00	5.60 30.10	5.60 31.50	5.80 31.00											
6.15 02.40	6.80 07.50	7.20 07.00	7.40 07.60											

CORN FUTURES (\$/BU)														TREND
MAY-21	JUL-21	SEP-21	DEC-21	MAR-22	MAY-22	JUL-22	SEP-22	DEC-22	MAR-23	MAY-23	JUL-23			
6.254	6.064	5.570	5.364	5.422	5.454	5.460	5.012	4.826	4.892	4.924	4.950	↑↑		
WEEK AGO														
5.940	5.794	5.280	5.112	5.180	5.220	5.226	4.850	4.724	4.786	4.826	4.846			

SOYMEAL FUTURES (\$/TON)														TREND
MAY-21	JUL-21	AUG-21	SEP-21	OCT-21	DEC-21	JAN-22	MAR-22	MAY-22	JUL-22	AUG-22	SEP-22			
412.3	416.1	413.0	407.5	400.4	399.5	396.2	387.1	383.5	383.8	380.2	373.1	↑↑		
WEEK AGO														
398.2	403.0	400.5	396.4	391.9	391.6	388.9	380.3	377.1	377.8	374.6	367.6			

PA MILK MARGIN & IOFC-LATEST PSU VALUES — *FEB. 2021					CME DAIRY CASH-SETTLED FUTURES (\$/LB) 04/21/21										SPOT CASH TEND
FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	*FEB. (estimated)	*PREV MO	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB
*8.27↑↑	*7.18↓	*9.57↓	*8.15	*7.55	1.178	1.240	1.280	1.297	1.310	1.317	1.320	↑↑	↑↑	↑↑	1.2400
*7.20	9.15	12.20	1.786	1.805	1.838	1.857	1.880	1.895	1.914	↓↓	↓↓	↓↓	↓↓	↓↓	1.6825
			1.707	1.834	1.844	1.861	1.871	1.873	1.872	↓↓	↓↓	↓↓	↓↓	↓↓	1.7925
					CME SPOT CHEESE: BARRELS 1.8050 / 40 LB BLOCKS 1.7950 ↑↑ / ↓↓										See Below

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 MAR. 1-27, 2021	PRODUCT	VALUE	MAKEALLOW	NET	MAR. 2021 COMPONENTS						
*17.10(MAY)	15.07(MAR)	16.15(MAR)	14.18(MAR)	17.10(FEB)↓	17.40(FEB)↑↑		CHEESE	1.5981	0.2003	1.3978	↑↑	PROT	2.6954	↓↓			
MONTH AGO							BUTTER	1.5898	0.1715	1.4183	↑↑	B.FAT	1.7176	↑↑			
15.51	14.00	15.75	13.19	17.50	17.30		NFDM	1.1169	0.1678	0.9491	↑↑	N.FAT	0.9396	↑↑			
YEAR AGO							DRYWHEY	0.5537	0.1991	0.3546	↑↑	OTHER	0.3652	↑↑			
12.95	16.75	16.25	14.87	18.90	19.40												

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 lb)			
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 LIVEWEIGHT)				CURRENT Beef X WEEK AGO YR AGO			
Choice & Prime 1250-1550 lbs light test	87.75	89.00	No report	↓↓			
BULL CALVES: No. 1 & 2, 90-130 lbs	120.00	275.00	105.00	No report	↑↑		
70-85 lbs	90.00	235.00	80.00	No report	↑↑		

\*AVG = Average basis for North-East and Mid-East

\*MARGIN = Milk Price over Feed Cost per cwt. YELLOW = payment triggered

\* = NEW  
FEED = \$/CWT.  
IOFC = \$/COW

Average to high dressing

Price averages do not include lower-end 'common'

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