

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — APRIL 27, 2022 — except where noted



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

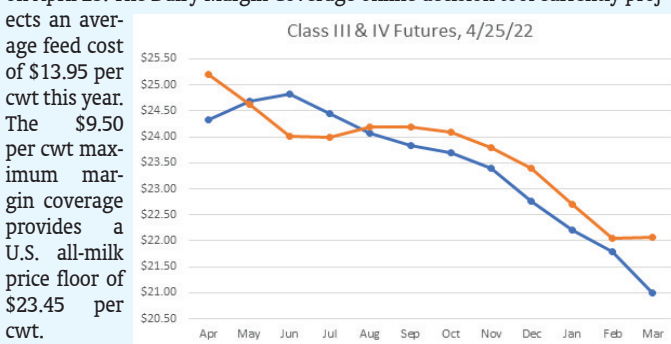
**APRIL:** The arrival of spring always initiates the Spring Flush each year. Although we are currently in the midst of the Spring Flush, total milk production across the country through March is declining compared to last year. Due to several factors, milk futures prices seem to have stagnated or declined somewhat. As a result, Class III milk price for the next 12 months averages \$23.42 per cwt as of April 25, the same average as one month ago. For the first time since September 2021, average Class III prices did not improve from the previous month. Unfortunately, average Class IV futures price, through April, declined month-over-month for the first time since July 2021. Although butter price remains relatively strong, the powder price has weakened mainly because of weakening international demand which is contributing to a 62 cents per cwt reduction in the average Class IV price of \$23.70. According to the futures market, Class III milk price is expected to slightly surpass Class IV in May and stay higher through July. Class IV price will invert again in August and stay higher than Class III through the beginning of next year.

February record reaching \$696.8 million. This 23% YOY increase was aided by high international dairy product prices and additional cheese and butterfat exports. Cheese and butterfat products are higher value products than the nonfat dry milk/skim milk powder (NDM/SMP), which makes up the bulk of U.S. dairy exports in terms of volume. However, total volume fell YOY for the third month in a row. Total export volume reached 175,602 milk solids equivalent metric tons (MT) which reflects a drop of just over 1% compared to February 2021. NDM/SMP exports declined by 8,200 MT (-12%) to 63,384 MT. Improvements in cheese, lactose, and butterfat exports of 9%, 15%, and 75%, respectively, nearly offset the reduction in NDM/SMP. Cheese exports of 32,953 MT represents a Feb. cheese volume record.

The U.S. dairy cow herd shrank year-over-year (YOY) for the sixth month in a row. March dairy cow numbers were estimated at 9.395 million head, 87,000 less than March 2021. However, herd size increased for the second month in a row with 15,000 cows added since February 2022. The U.S. has added 28,000 cows since January. Despite an eight pound per cow per month increase in milk production to 2,096 pounds compared to March 2021, the drop in cow numbers caused a total milk production decline of 0.5% to 19.690 billion pounds. Through the first quarter of 2022, U.S. milk production is down by 587 million pounds (-1.0%) compared to the first quarter of 2021.

Rising feed costs remain a concern as commodity prices continue to increase. Current corn futures show prices near \$8 per bushel through the summer and only dropping to the mid-\$7 range in the fall through the end of the year. Soybean meal futures are expected to remain well above \$400 per ton the rest of the year with the current May price closing at \$452.40 on April 25. The Dairy Margin Coverage online decision tool currently projects an average feed cost of \$13.95 per cwt this year.

Pennsylvania milk production and cow numbers followed the national trend. Total milk production across the Commonwealth declined by 20 million pounds (-2.2%) YOY to 873 million pounds. The drop was caused by both decreased production per cow and total dairy cow numbers. The Pennsylvania dairy herd declined to 467,000 cows, a reduction of 8,000 cows YOY and 1,000 less than February 2022. The average Pennsylvania dairy cow produced 1,870 pounds of milk during March, 10 pounds (-0.5%) less than she did last year.



According to the U.S. Dairy Export Council (USDEC), U.S. export value set a

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 — APRIL 27, 2022 AT THE CLOSE

	APR-22	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	OCT-22	NOV-22	DEC-22	JAN-23	FEB-23	MAR-23	TREND		
<b>CLASS III MILK FUTURES (\$/CWT)</b> vs. wk ago: <i>Apr-May up \$0.10; Rest of board down \$0.05-0.50, mostly \$0.30-0.40. 12-Month Avg. 23.11</i>	24.31	24.31	24.27	24.13	23.69	23.50	23.26	22.94	22.48	21.85	21.37	21.21	↓		
<b>CLASS IV MILK FUTURES (\$/CWT)</b> vs. wk ago: <i>\$0.40-0.90 lower, except near term weak to \$0.20 lower. 12-Month Avg. 23.44</i>	25.20	24.45	23.87	23.70	23.72	23.65	23.55	23.25	23.96	22.32	21.98	21.67	↓		
----- <b>HIGHEST &amp; LOWEST DAILY SETTLE PRICE FOR CL. III CONTRACTS OVER LIFE OF CONTRACT &amp; MONTH/DATE OF OCCURRENCE</b> -----															
	24.26 03/22	25.17 04/22	25.10 04/22	24.90 04/22	24.49 04/22	24.40 04/22	23.95 04/22	23.80 03/22	23.43 03/22	23.43 03/22	22.20 03/22	22.08 03/22			
	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	11.72 05/20			
<b>CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium</b>	24.25 0.19	24.00 0.30	24.00 0.74	24.00 1.07	23.50 1.18	23.50 1.42	23.25 1.45	23.00 1.53	22.50 1.52	21.75 1.46	21.25 1.48	21.25 1.63			
<b>MILK BASIS (\$/CWT) — PA BASIS &amp; 2016-19 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)</b>	PA 2.29	1.82	1.58	0.99	1.03	0.95	0.79	0.60	0.79	1.17	0.62	1.53			
<b>*AVG =</b>	2.15	1.66	1.45	1.25	1.31	1.15	0.67	0.74	1.38	0.85	1.67	2.55			
<b>DMC OFFICIAL GROSS MARGINS per cwt. (USDA All-Milk, com/alfalfa &amp; Ill. soybean, feed for all classes of dairy cattle on the farm) Updated with NEW prem. alfalfa feed cost</b>	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	*FEB-22
<b>DMC</b>	8.54	6.90	5.97	6.26	6.77	6.67	6.03	5.47	5.03	6.69	8.54	9.14	9.53	11.54	*10.98

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-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
	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

CORN FUTURES (\$/BU)													
	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
	8.154	8.122	7.666	7.494	7.526	7.540	7.506	6.976	6.754	6.814	6.834	6.794	↑
-----													
	8.156	8.100	7.660	7.484	7.506	7.506	7.454	6.954	6.744	6.804	6.822	6.782	

SOYMEAL FUTURES (\$/TON)													
	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
	451.0	441.0	432.0	422.0	411.8	411.4	407.0	397.9	394.1	393.7	389.5	382.0	↓
-----													
	471.4	466.3	455.9	442.5	428.1	426.4	421.5	411.1	406.8	406.0	399.4	392.1	

*NEW PA MILK MARGIN & IOFC—LATEST PSU VALUES — *JAN. 2022				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 04/27/22										SPOT CASH TREND			
FEED =	FEED COST	IOFC (\$/COW	PA MILK MARGIN	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	
\$/CWT.	(\$/CWT milk)	@ 75 lbs milk)	(\$/CWT milk)	1.820	1.765	1.730	1.730	1.740	1.746	1.737	1.737	1.737	1.737	1.737	1.737	1.737	1.7275
IOFC =	*JAN (estimated)	7.94	12.74	16.98	0.741	0.670	0.622	0.600	0.590	0.580	0.566	0.566	0.566	0.566	0.566	0.566	0.5750
\$/COW	PREV MO	8.01	11.03	14.70	2.756	2.662	2.639	2.630	2.612	2.600	2.587	2.587	2.587	2.587	2.587	2.587	2.6150
	YR AGO	8.74	6.42	8.56	2.281	2.325	2.360	2.364	2.332	2.306	2.300	2.300	2.300	2.300	2.300	2.300	NC
					CME SPOT CHEESE: BARRELS 2.3400 / 40 LB BLOCKS 2.3400										↓ / ↑		

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)							*CURRENT FEDERAL ORDER VALUES (\$/LB) *NEW						
*CL I ADV	*CL I IIT	*CL III IIT	*CL IV IIT	ALL-MILK-U.S.	ALL-MILK-PA	WEIGHTED AVG. 4-WK	MAR. 1-26, 2022					*MAR. 2022	
*25.45(MAY)	24.76(MAR)	22.45(MAR)	24.82(MAR)	4.10(FEB)	25.70(FEB)	PRODUCT	VALUE	MAKE ALLOW	NET	COMPONENTS			
				4.18F	4.11F	CHEESE	2.0548	0.2003	1.8545	↑	PROT	2.7182	
						BUTTER	2.7260	0.1715	2.5545	↑	B.FAT	3.0935	
						NFDM	1.7954	0.1678	1.6276	↑	N.FAT	1.6113	
						DRYWHEY	0.7943	0.1991	0.5952	↑	OTHER	0.6131	

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. April 20, 2022 sale New Holland, PA)															
COWS: Fresh				Bred				Springing				HEIFERS: Bred			
1425				1365				1535				1200			
1225				1310				1350				1175			
1175				1525				N/A				500			
N/A				N/A				N/A				675			
N/A				N/A				N/A				1125			
N/A				N/A				N/A				1100			

FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)				CURRENT Beef X				WEEK AGO				YR AGO			
Choice & Prime 1250-1550 lbs light test				118.50				115.00				91.00			
BULL CALVES: No. 1 & 2, 90-130 lbs				180.00				350.00				210.00			
70-85 lbs				165.00				410.00				190.00			