

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — APR 28, 2021 — except where noted



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**APRIL:** We may not be quite through with a cold snap here and there, but with flowers blooming and green tree leaves appearing, we are certainly moving away from cold weather. I know the amount of pollen is certainly building because my itchy eyes tell the story even if I could not see a pollen film on my car windshield. The continued change of seasons shows that time stands still for nothing. We are at the end of the fourth month of 2021, and milk prices have continued to improve over the last month.

Both Class III and IV milk futures have improved since the end of March. Average Class III price for the next 12 months has improved \$1.03 per cwt to \$18.74. The increase in Class III is driven by several factors: food service demand is the best since the pandemic began over one year ago, cheese exports are at a seven-month high, and the Food Box program was extended through May with the promise of additional government dairy purchases after the Food Box program lapses. Average Class IV price for the next 12 months has improved \$1.21 per cwt to \$17.08 since the end of March. Like Class III, the improvement in Class IV is driven largely by increased domestic demand and strong export sales.

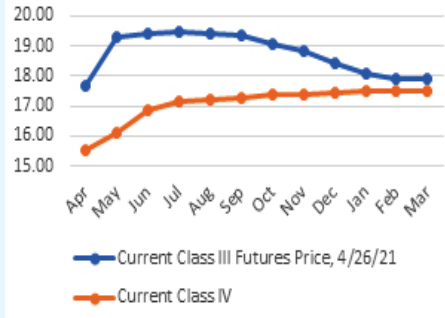
March U.S. milk production was up 1.8% over March 2020 to 19.75 billion pounds. This is the 10th month in a row of increased year-over-year (YOY) production growth. However, production growth slowed relative to February when U.S. milk production was up 2% once adjusted for leap year. Both cow numbers and production per cow increased in March. The U.S. dairy herd is now 9.468 million, up 0.8% YOY, while each cow now produces 77.3 pounds of milk per day, 1.0% more than she did last March or an increase of about 0.7 pounds per cow per day.

Pennsylvania milk production decreased 1.5% compared to March 2020. Production in the Commonwealth is now at 893 million pounds, 14 million less compared to last March. Production per cow increased a slight 0.5% to 69.7 pounds per cow compared to 69.3 in March 2020. Unfortunately, the slight increase in production was not enough to offset the reduction in cow numbers to keep state production increasing. Pennsylvania had 2% less cows

than a year ago. Cow numbers have fallen 10,000 head over the last year to 475,000. However, March was the third straight month to maintain cow numbers.

Last Friday the National Milk Producers Federation (NMPF) Board of Directors met and voted to pursue reforming the current Class I price formula that has contributed to depooling and the negative producer price differentials experienced most months since June 2020. NMPF will formally request for the USDA to hold an emergency hearing to modify the current Class I price formula. USDA will have 30 days to respond to NMPF's request which would either allow the hearing process to proceed or deny the request. In determining the Class I price, the current formula adds \$0.74 per cwt to the average price of Class III and IV. NMPF's proposed change would modify the current system by keeping the average price of Class III and IV and then adjusting the \$0.74 up or down every two years based on market conditions during the previous two years. According to NMPF, in the short-term, the revised formula would help dairy farmers recoup some of the estimated \$725 million loss of revenue caused by the current pricing system and disorderly market conditions. In the long-term, the proposed change would help ensure neither farmers nor processors are disproportionately impacted by future market disruptions.

Class III and IV Futures, 4/26/21



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. 28, 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				
<b>CLASS III MILK FUTURES (\$/CWT)</b> vs. week ago: 20 to 50 cents higher, except current month 10 cents lower. <b>12-Month Avg. 18.85↑↑</b>	17.64	19.22	19.64	19.80	19.62	19.46	19.18	18.90	18.55	18.14	18.00	18.01	↑↑				
<b>CLASS IV MILK FUTURES (\$/CWT)</b> vs. week ago: 15 to 55 cents higher, except current month fully steady. <b>12-Month Avg. 17.21↑↑</b>	15.52	16.24	17.06	17.34	17.40	17.52	17.60	17.62	17.61	17.55	17.55	17.55	Mixed				
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 19.80 04/21 19.62 04/21 19.46 04/21 19.18 04/21 18.90 04/21 18.55 04/21 18.14 04/21 18.00 04/21 18.01 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</b> — 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					
<b>DMC OFFICIAL GROSS MARGINS</b> 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		
	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</b> 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	↓↓	
	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</b> 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	↓↓	
	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	0.01	19.25	0.32	19.75	0.81	19.75	0.91	19.50	1.00	19.50	1.13	19.25	1.15	19.00	1.23	18.50	1.16	18.25	1.32	18.00	1.29	18.00	1.30
MAY-21			SEP-21			DEC-21			MAR-22			Example Daily Strike Price / Premium		MAY-21		JUL-21		OCT-21		DEC-21			
CORN (\$/BU) OPTIONS — CALLS																							
6.15	36.10	6.30	31.70	6.20	34.10	6.40	34.10	6.60	33.20	7.90	38.00	8.60	36.30	8.50	38.50								

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	
6.862	6.440	5.714	5.464	5.522	5.566	5.582	5.082	4.874	4.942	4.966	4.990	↑↑	
WEEK AGO													
6.254	6.064	5.570	5.364	5.422	5.454	5.460	5.012	4.826	4.892	4.924	4.950		
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	
421.3	421.8	409.9	402.7	401.7	398.7	391.2	389.0	389.2	385.2	377.2	367.7	↑↑	
WEEK AGO													
412.3	416.1	413.0	407.5	400.4	399.5	396.2	387.1	383.5	383.8	380.2	373.1		

*NEW PA MILK MARGIN & IOFC—LATEST PSU VALUES — *FEB. 2021				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 04/28/21										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		
	*FEB (estimated) *8.27↑↑	*7.18 ↓↓	*9.57 ↓↓	1.172	1.247	1.325	1.340	1.354	1.365	1.375	↑↑	↑↑	↑↑	↑↑	↑↑	1.3100	↑↑	
IOFC = \$/COW	*PREV MO *8.15	*7.55	*10.53	0.616	0.669	0.696	0.673	0.640	0.611	0.561	↑↑	↑↑	↑↑	↑↑	↑↑	0.6750	↓↓	
	YR AGO 7.20	9.15	12.20	1.791	1.810	1.830	1.865	1.866	1.880	1.892	↓↑	↓↑	↓↑	↓↑	↓↑	1.8050	↓↓	
				CHEESE	1.704	1.837	1.869	1.883	1.900	1.895	1.900	↑↑	↑↑	↑↑	↑↑	↑↑	See Below	
				CME SPOT CHEESE: BARRELS 1.8125 / 40 LB BLOCKS 1.8025 ↑↑ / ↑↑														

*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	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)↑↑	1.5981	0.2003	CHEESE	1.5981	0.2003	1.3978	↑↑	PROT	2.6954	↓↓	
MONTH AGO						1.5898	0.1715	BUTTER	1.5898	0.1715	1.4183	↑↑	B.FAT	1.7176	↑↑	
YEAR AGO						1.1169	0.1678	NFDM	1.1169	0.1678	0.9491	↑↑	N.FAT	0.9396	↑↑	
12.95	16.75	16.25	14.87	18.90	19.40	0.5537	0.1991	DRYWHEY	0.5537	0.1991	0.3546	↑↑	OTHER	0.3652	↑↑	

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. April 14, 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)										
1000	950	950	875	550	950	475	475	585	750	975
MONTH AGO COMPARISON										
1075	800	1200	750	N/A	825	350	N/A	400	N/A	990

Avg. of prices reported by USDA Market News for PA Auction Markets Apr. 22-27, 2021				FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)			CURRENT Beef X WEEK AGO YR AGO			
Premium White	Breakers	Boners	Lean	Choice & Prime	1250-1550 lbs light test	91.00		90.00	No report	↑↑
N/A	72.50↑↑	69.50↑↑	58.50↑↑	BULL CALVES:	No. 1 & 2, 90-130 lbs	210.00	290.00	150.00	No report	↑↑
WEEK AGO					70-85 lbs	190.00	300.00	140.00	No report	↑↑
YEAR AGO										