

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — MAY 5, 2021 — except where noted



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Don't forget about DRP: Based on the latest (May 3, 2021) USDA Crop Progress report, corn planting has ramped up over the last two weeks across Pennsylvania and much of the nation. According to USDA 2020 corn production annual totals, Pennsylvania ranked 16th in the nation in corn acreage planted and bushels of corn harvested. As of the week ending April 25, only 1% of the corn acreage had been planted in Pennsylvania compared to an average 17% for the top 18 corn producing states. Many of the top 18 states have warmer climates than what we have here in the Northeast.

What a difference one week and nice weather in the spring will make. The week ending May 2 showed that the percent of corn acreage planted across the state had jumped to 17%. This is ahead of the Pennsylvania five-year average of 13%. The average for the top 18 states increased to 46%, 10 percentage points higher than the five-year average of 36%. Because corn planting has just recently began here in the Commonwealth, none of the corn had emerged as of the week ending May 2, which is behind the five-year average of 2%. However, 8% of the corn planted in the top 18 corn producing states had emerged, basically on par with the five-year average of 9% for this time of year.

Pennsylvania just missed out on being a top 18 soybean producer coming in at number 19. The Crop Progress report only includes data for the top 18 soybean producing states. As of the week ending May 2, 24% of the soybean acreage had been planted by the top 18 soybean producing states. This is 13 percentage points higher than the five-year average of 11%. So far, it seems as if both corn and soybean planting is going better this year compared to five-year averages.

The March Dairy Margin Coverage (DMC) margin was announced as \$6.46 per cwt this week. At the maximum \$9.50 DMC margin coverage, it means there will be a \$3.04 per cwt payment for March produc-

tion history. This is a payment of about \$2,270 per 1 million pounds of production history up to the Tier 1 cap of 5 million pounds. So far this year, DMC has provided a net benefit of about 53 cents per cwt or about \$5,000 per 1 million pounds of production history.

If DMC does not adequately cover your cost of production or you did not enroll in DMC this year, there are still risk management options available. One option is Dairy Revenue Protection (DRP). DRP is available nearly every day dairy products are traded through an authorized Crop Insurance agent. DRP allows you to set a minimum amount of quarterly revenue based on your quarterly milk production by setting a price floor for Class III, Class IV, milk components, or a combination of all the above. DRP sets a price floor for your milk while not giving up the top side of the market. For example, if you set a Class III milk price floor of \$17.00 and the actual price ends up being \$19.00, you will still receive the full \$19.00 for all your Class III production. DRP premiums are subsidized by the federal government from 44% up to 55% depending on what type of policy you purchase. Since premiums are subsidized, DRP is cheaper than traditional futures market fixed contracts through a private broker or a milk cooperative. Volatility drives premium costs, so premiums right now are expensive relative to when DRP began in October 2018 and through 2019 when milk prices were more stable. Despite higher premium prices, the Class III (\$17 to over \$18 per cwt) and IV (mid-\$16s) milk price floors that can be set for the next five quarters merit attention because they are substantially higher than their five-year averages. Contact your authorized Crop Insurance provider or me for more information.

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 — MAY 5, 2021 AT THE CLOSE

	MAY-21	JUN-21	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	TREND			
CLASS III MILK FUTURES (\$/CWT) vs. week ago: <i>steady to 20 cents higher, except current month 10 cents lower</i>	19.15	19.75	19.86	19.81	19.67	19.39	19.00	18.58	18.10	18.01	18.10	18.00	↑↑			
CLASS IV MILK FUTURES (\$/CWT) vs. week ago: <i>steady to 20 cents higher, except near term weak to nickel lower</i>	16.20	16.99	17.31	17.49	17.64	17.63	17.71	17.75	17.75	17.75	17.75	17.75	↑↑			
----- HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED -----																
	19.96 04/21	20.02 04/21	19.86 05/21	19.81 05/21	19.67 05/21	19.39 05/21	19.00 05/21	18.58 05/21	18.14 04/21	18.01 05/21	18.10 05/21	18.00 05/21				
	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	14.75 03/20				
MILK BASIS (\$/CWT) — PA BASIS & 2016-19 AVG OF PA/NY/VT/OH — <i>YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)</i>	PA 0.99	1.03	0.95	0.79	0.60	0.79	1.17	0.62	1.53	2.29	1.82	1.58				
*AVG	1.25	1.31	1.15	0.67	0.74	1.38	0.85	1.67	2.55	2.15	1.66	1.45				
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 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	*MAR-21	
	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	*6.46	↑↑
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
	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
	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																								
19.25	0.22	19.75	0.70	19.75	0.86	19.75	1.06	19.75	1.19	19.50	1.22	19.00	1.18	18.50	1.19	18.00	1.16	18.00	1.24	18.00	1.19	18.00	1.29	
MAY-21		SEP-21		DEC-21		MAR-22		Example Daily Strike Price / Premium		JUL-21		OCT-21		DEC-21		MAR-22								
CORN (\$/BU) OPTIONS — CALLS																								
6.95	31.50	7.10	32.60	7.10	33.60	7.40	31.60	395	33.40	390	32.30	390	35.30	390	32.75									
7.95	03.70	8.90	08.30	9.00	09.70	8.70	14.10	490	02.55	540	03.15	560	03.35	600	04.60									

CORN FUTURES (\$/BU)													
7.532	7.084	6.310	6.046	6.084	6.096	6.084	5.454	5.196	5.252	5.260	5.270		↑↑
----- WEEK AGO -----													
6.862	6.440	5.714	5.464	5.522	5.566	5.582	5.082	4.874	4.942	4.966	4.990		
SOYMEAL FUTURES (\$/TON)													
424.3	424.4	419.1	412.9	405.5	404.9	401.9	393.5	389.6	385.6	379.2	370.2		↑↑
----- WEEK AGO -----													
421.3	421.8	409.9	402.7	401.7	398.7	391.2	389.0	389.2	385.2	377.2	367.7		

*NEW PA MILK MARGIN & IOFC—LATEST PSU VALUES — *FEB. 2021				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 05/05/21												
FEED = \$/CWT.	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	MAY	JUN	JUL	AUG	SEP	OCT	NOV	SPOT CASH	05/05/21				
	*FEB. (estimated)	*8.27 ↑↑	*7.18 ↓↓	*9.57 ↓↓	1.262	1.347	1.380	1.392	1.397	1.400	1.407	↑↑	1.3575	↑↑		
IOFC = \$/COW	*PREV MO	*8.15	*7.55	*10.53	0.657	0.688	0.670	0.635	0.600	0.585	0.525	↓↓	0.6475	↓↓		
	*YR AGO	7.20	9.15	12.20	1.760	1.765	1.796	1.812	1.839	1.845	1.855	↓↓	1.7350	↓↓		
					1.835	1.881	1.907	1.923	1.918	1.923	1.906	↑↑	See Below			
				CME SPOT CHEESE: BARRELS 1.8450 / 40 LB BLOCKS 1.8025 ↑↑ / NC												

*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 APR. 1-30, 2021					APR. 2021 COMPONENTS				
*17.10(MAY)	*15.56(APR)	*17.67(APR)	*15.42(APR)	*17.40(MAR)	*17.90(MAR)	PRODUCT	VALUE	MAKEALLOW	NET						
----- MONTH AGO -----						*CHEESE	1.7106	0.2003	1.5103	↑↑	*PROT	2.8136	↑↑		
15.51	15.07	16.15	14.18	17.10	17.40	*BUTTER	1.7814	0.1715	1.6099	↑↑	*B.FAT	1.9496	↑↑		
----- YEAR AGO -----						*NFDM	1.1680	0.1678	1.0002	↑↑	*N.FAT	0.9902	↑↑		
12.95	13.87	13.07	11.40	17.90	18.90	*DRYWHEY	0.6135	0.1991	0.4144	↑↑	*OTHER	0.4268	↑↑		

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. April 28, 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)											
1110	N/A	825	LTD	925	900	1100	375	300	650	N/A	1200
----- MONTH AGO COMPARISON -----											
1075	800	1200		750	N/A	825	350	N/A	400	N/A	990

FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)				BULL CALVES:			
Choice & Prime	1250-1550 lbs light test	92.10		No. 1 & 2, 90-130 lbs	180.00	265.00	
				70-85 lbs	145.00	N/A	

Price averages do not include lower-end common

Average to high dressing

SALE MARKET COWS (\$/CWT LIVEWEIGHT)

Premium White	Breakers	Boners	Lean
N/A	73.25 ↑↑	70.50 ↑↑	59.85 ↑↑
----- WEEK AGO -----			
N/A	72.50	69.50	58.50
----- YEAR AGO -----			

Sale not reported by USDA due to COVID shut down

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