

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — MAY 19, 2021 — except where noted

Historic annual milk production: Northeast: So much can change in 51 years, no matter what industry you talk about. This has certainly been the case in the dairy industry. Looking back on 2020 and the disruption that COVID-19 had on so many aspects of the U.S. economy, including dairy, a lot can change in a matter of months. The Economic Research Service division of the USDA releases a spreadsheet each May that summarizes three statistics going back to 1970 by state and region. The three statistics are number of milk cows, milk production per cow, and total milk production. This year's report shows a continuation of some alarming trends as it pertains to cow numbers and milk production while milk production per cow shows improved growth within Pennsylvania and across the Northeast.

The general trend for the number of milk cows in the Northeast has decreased annually since 1970. There have been a few years where some growth in cow numbers occurred, but cow numbers in the Northeast peaked in 1970 at 2.306 million head and, in 2020, finished the year at 1.348 million head. This represents a 42% decrease in cow numbers over the course of 51 years. Pennsylvania's cow numbers follow a similar trend. However, cow numbers grew from 705,000 in 1970 to its peak of 740,000 head in 1985. Since 1985, the positive trend has reversed with cow numbers falling to at least a 51-year low in 2020. The Keystone State finished 2020 with 482,000 dairy cows, representing a 35% drop over the last 36 years.

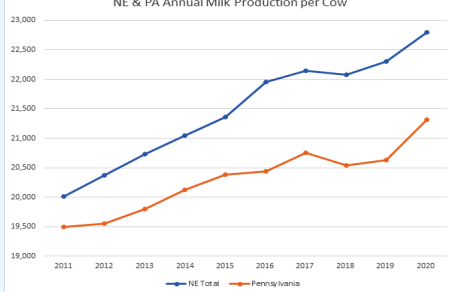
Total milk production has shown mixed results over the last 51 years in both the Northeast and Pa. The general Northeast trend has been an increase in total production, which peaked in 2017 at 31.27 billion pounds from a low of 22.79 billion pounds in 1973. The region's milk production in 2020 equaled 30.74 billion pounds which was about 305 million pounds more than 2019. Despite a general trend of increasing milk production across the Northeast, the percent of total U.S. milk production in the region has been steadily declining. In 1970, Northeast production was nearly 21% of the U.S. total but has declined almost every year since, with 2020 Northeast production only equivalent to 14% of U.S. This indicates that even

though Northeast milk production is improving, growth in other regions is outpacing it.

Pennsylvania's total milk production peaked in 2000 with 11.2 billion pounds of production and has largely declined since then to finish 2020 with 10.3 billion pounds of production. In 1970, Pa.'s milk production represented over 6.1% of the nation's total milk supply and grew to its peak of 7.1% in 1987. 2020 Pa. milk production only represented 4.6% of the total U.S. milk supply, the lowest percentage in at least 51 years. Through the first quarter of 2021, Pennsylvania has fallen from 7th to 8th in total milk production in the country with Minnesota surpassing Pa. by 64 million pounds.

The brightest spot for our region and state is in milk production per cow. In 2020, the average Northeastern dairy cow produced 22,797 pounds of milk, over twice as much, compared to the 51-year low of 10,448 pounds in 1973. The average Pennsylvania cow produced 21,320 pounds in 2020, over twice as much as the average cow did at the 51-year state low of 10,042 pounds also in 1973. Although Pa.'s milk production per cow is increasing, there is still room for improvement. At an average of 21,320, Pennsylvania ranks 6th out of 11 Northeast states in terms of average production per cow. New York leads the Northeast with an average of 24,500 pounds per cow followed by Connecticut, Maine, Rhode Island, and Vermont. The full spreadsheet can be downloaded at <https://www.ers.usda.gov/data-products/dairy-data/>

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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 19, 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>Lower across board by \$0.30-\$1.30, with June-July taking brunt of decline</i> 12-Month Avg. 18.63 ↓↓	18.93	18.30	19.10	19.25	19.33	19.26	18.96	18.61	18.10	17.92	17.88	17.89	↓↓				
CLASS IV MILK FUTURES (\$/CWT) vs. week ago: <i>\$0.15-0.30 higher across the board</i> 12-Month Avg. 17.69 ↑↑	16.25	17.00	17.39	17.77	17.94	18.02	18.07	18.09	17.95	17.90	17.90	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 20.08 05/21 20.04 05/21 19.97 05/21 19.66 05/21 19.29 05/21 18.95 05/21 18.42 04/21 18.21 05/21 18.16 05/21 18.21 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 — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	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)																	
	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	*MAR-21	APR-21	
	13.86	13.18	12.23	8.77	8.06	12.59	15.04	13.43	12.33	14.44	15.47	12.51	*11.25	*10.51	*10.66	*11.25	↑↑
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)																	
	13.10	12.20	11.24	8.27	6.79	9.44	12.67	11.10	10.91	11.31	12.36	10.53	*8.56	*8.15	*9.24	*10.35	↑↑

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																								
19.00	0.09	18.25	0.37	19.00	0.77	19.25	0.99	19.25	1.04	19.25	1.18	19.00	1.24	18.50	1.21	18.00	1.22	18.00	1.33	18.00	1.38	18.00	1.38	
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)																								
JUL-21	SEP-21	DEC-21	MAR-22	MAY-22	JUL-22	SEP-22	DEC-22	MAR-23	MAY-23	JUL-23	SEP-23	TREND												
6.582	5.670	5.390	5.452	5.484	5.476	4.976	4.840	4.910	4.922	4.934	4.484	↓↓												
WEEK AGO																								
7.146	6.214	5.930	5.980	5.996	5.970	5.230	5.116	5.174	5.184	5.196	5.202													
SOYMEAL FUTURES (\$/TON)																								
JUL-21	AUG-21	SEP-21	OCT-21	DEC-21	JAN-22	MAR-22	MAY-22	JUL-22	AUG-22	SEP-22	OCT-22	TREND												
403.2	400.9	397.7	393.6	394.0	392.3	386.0	384.0	384.6	379.8	371.7	360.4	↓↓												
WEEK AGO																								
448.8	442.0	433.8	423.7	422.4	418.0	404.8	397.3	395.4	388.7	377.0	376.5													

*NEW PA MILK MARGIN & IOFC—LATEST PSU VALUES — *APR. 2021				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 05/19/21								SPOT CASH TREND	
FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)		MAY	JUN	JUL	AUG	SEP	OCT	NOV	05/19/21	05/19/21	
*APR. (estimated) *8.74 ↑↑	*7.77 ↑↑	*10.35 ↑↑		NFDM 1.248	1.315	1.335	1.370	1.384	1.401	1.402	↑↑	1.3025	↓↓
*PREV MO *8.66	*6.93	*9.24		WHEY 0.654	0.677	0.667	0.638	0.616	0.589	0.552	↑↑	0.6400	↑↑
YR AGO 7.03	6.20	8.27		BUTTER 1.830	1.859	1.880	1.912	1.920	1.937	1.935	↑↑	1.8550	↑↑
				CHEESE 1.810	1.741	1.811	1.841	1.875	1.884	1.879	↓↓	See Below	
				CME SPOT CHEESE: BARRELS 1.6250 / 40 LB BLOCKS 1.6025 ↓↓ / ↓↓									

*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	PRODUCT	VALUE	MAKEALLOW	NET	APR. 2021 COMPONENTS	
*18.29 (JUN)	15.56 (APR)	17.67 (APR)	15.42 (APR)	17.40 (MAR) ↑↑	17.90 (MAR) ↑↑		CHEESE	1.7106	0.2003	1.5103	↑↑	PROT 2.8136 ↑↑	
MONTH AGO							BUTTER	1.7814	0.1715	1.6099	↑↑	B.FAT 1.9496 ↑↑	
17.10	15.07	16.15	14.18	17.10	17.40		NFDM	1.1680	0.1678	1.0002	↑↑	N.FAT 0.9902 ↑↑	
YEAR AGO							DRYWHEY	0.6135	0.1991	0.4144	↑↑	OTHER 0.4268 ↑↑	
11.42	13.87	13.07	11.40	17.90	18.90								

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. May 12, 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)				
1035	1060	1070 ltd	900	750 ltd	950	425	300	650	N/A	600 (Jerseys)
MONTH AGO COMPARISON										
1075	800	1200	750	N/A	825	350	N/A	400	N/A	990

FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)				CURRENT Beef X				WEEK AGO		YR AGO	
Choice & Prime 1250-1550 lbs light test				95.00				97.85		No report	↓↓
BULL CALVES: No. 1 & 2, 90-130 lbs				140.00	265.00			180.00		No report	↓↓
				85.00	275.00			145.00		No report	↓↓

Average to high dressing

Premium White	Breakers	Boners	Lean
N/A	71.10 ↑↑	69.85 ↑↑	51.00 ↓↓
WEEK AGO			
N/A	68.25	66.75	56.85
YEAR AGO			

Price averages do not include lower-end common

Sale not reported by USDA due to COVID shut down

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