

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — MAY 25, 2022 — except where noted



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MAY: U.S. milk production has declined year-over-year (YOY) every month this year mainly driven by YOY decreases in cow numbers. National milk production per cow has remained stagnate YOY most of the year. With warmer weather coming as summer approaches, it will be interesting to see what the national milk production trend will be for the start of the second half of 2022.

Average Class IV milk price for the next 12 months seems to have stabilized somewhat compared to the end of April. After losing an average 62 cents per cwt through April, the average Class IV price, as of the end of business on May 23, was \$23.64 per cwt, just 6 cents per cwt less than the end of April. After stabilizing through April, Class III milk futures have dropped an average of 48 cents per cwt in May. The 12-month average Class III price is now \$22.94 per cwt.

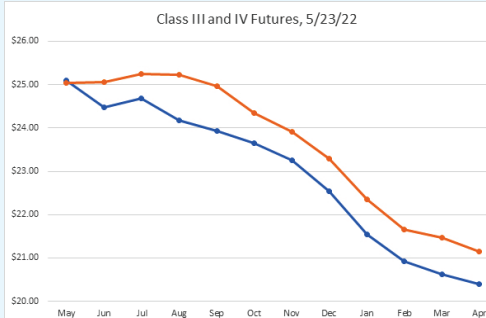
April cow numbers held at 9.402 million for the second month in a row. However, this represents a 1.0% drop YOY. The April U.S. herd was 98,000 cows less than April 2021. Milk production per cow has been relatively stagnate this year with April 2022 output of 2,037 pounds per cow, equal to April 2021. The average U.S. cow produced 78 pounds per day in April. Without growth in per cow milk production, the decline in the milk cow population resulted in a 1.0% decrease in total milk to 19.150 billion pounds, 200 million pounds less compared to last year.

Pennsylvania followed the same trend of declining YOY cow numbers and total milk production. A drop in milk production per cow amplified the drop in total milk production across the state. The Commonwealth was able to maintain 467,000 dairy cows for the second month in a row but is 8,000 less (-1.7%) than last year. Pennsylvania milk production per cow fell 10 pounds per cow (-0.6%) compared to April 2021 to 1,830 pounds per cow. The average Keystone cow produced 70.1 pounds of milk per day this past April, nearly a half a pound less than she did last year. Because of the reduction in cow numbers and milk production per cow, total April milk production in Pennsylvania fell 19 million pounds (-2.2%) to 855 million pounds.

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

According to the U.S. Dairy Export Council (USDEC), March 2022 dairy exports nearly matched March 2021 record amounts. At 213,553 MT of milk solids equivalents exported, it trails last year's March record by just 2,005 metric tons (MT) or only a decrease of 1%. Nonfat dry milk/skim milk powder, the largest export category by volume, decreased 7%. However, increases in cheese (+13%) and butterfat (+59%) exports helped to keep export volumes close to last year, but also helped U.S. exports reach a monthly value record. Behind higher dairy product prices, in general, the U.S. shipped an estimated \$859.6 million. This is 25% more than March 2021. Port conditions on the West Coast, although not completely resolved, are much better. Global milk supply growth continues to be limited, if not decreasing. These factors should help keep U.S. dairy products attractive to international customers.

Spring planting remains behind schedule for much of the U.S. but is catching up with the 5-year average. Three weeks ago, corn planting in the top 18 states was 42 percentage points behind the 5-year average; soybeans behind by 27 percentage points. The May 23 USDA Crop Progress report showed 72% of corn and 50% of soybean acres have been planted. Corn planting is now only 7 percentage points behind the 5-year average; soybeans are behind by 5 percentage points.



CME DAILY FUTURES & OPTIONS TRADING — MAY 25, 2022 AT THE CLOSE

	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	OCT-22	NOV-22	DEC-22	JAN-23	FEB-23	MAR-23	APR-23	TREND				
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: <i>May-Aug up \$0.05-0.15, but June off \$0.20; Rest of board up \$0.20-0.50. 12-Month Avg. 22.96</i> ↑↑	25.11	24.20	24.45	24.20	23.94	23.53	23.30	22.60	21.75	21.25	20.67	20.52	↑↑				
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: <i>May up \$0.10, June 22-Jan23 \$1-1.50 higher, Feb up \$2, Mar-Apr up \$0.60. 12-Month Avg. 24.05</i> ↑↑	25.02	25.47	25.75	25.69	25.43	24.90	24.57	23.60	22.75	22.13	21.99	21.35	↑↑				
----- HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III CONTRACTS OVER LIFE OF CONTRACT & MONTH/DATE OF OCCURRENCE -----																	
	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	22.08 03/22					
	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	11.72 05/20					
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	25.00 0.01	24.25 0.37	24.50 0.91	24.25 1.10	24.00 1.22	23.50 1.25	23.25 1.31	22.50 1.35	21.75 1.44	21.25 1.46	21.00 1.56	20.50 1.48					
MILK BASIS (\$/CWT) — PA BASIS & 2016-19 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA 1.82	1.58	0.99	1.03	0.95	0.79	0.60	0.79	1.17	0.62	1.53	2.29					
*AVG	1.66	1.45	1.25	1.31	1.15	0.67	0.74	1.38	0.85	1.67	2.55	2.15					
DMC OFFICIAL GROSS MARGINS per cwt. (USDA All-Milk, com/alfalfa & Ill. soybean, feed for all classes of dairy cattle on the farm) <i>Updated with NEW prem. alfalfa feed cost</i>	DMC	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	*MAR-22	
		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	*11.55	↑↑

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)																
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	*MAR-22	
12.51	11.25	10.51	10.66	11.31	11.63	10.77	10.19	9.79	10.94	12.46	13.41	14.17	16.51	*16.61	*17.12	↑↑
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)																
12.36	10.53	8.56	9.24	9.37	9.76	10.20	10.04	9.82	11.07	12.26	13.48	13.79	16.38	*17.09	*18.35	↑↑

CORN FUTURES (\$/BU)													
JUL-22	SEP-22	DEC-22	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24		TREND
7.722	7.396	7.232	7.270	7.264	7.206	6.616	6.370	6.430	6.450	6.412	5.746		↓↓
----- WEEK AGO -----													
7.814	7.532	7.402	7.436	7.434	7.380	6.724	6.452	6.512	6.532	6.496	5.832		

SOYMEAL FUTURES (\$/TON)													
JUL-22	AUG-22	SEP-22	OCT-22	DEC-22	JAN-23	MAR-23	MAY-23	JUL-23	AUG-23	SEP-23	OCT-23		TREND
424.2	418.9	412.9	406.3	407.3	406.1	402.8	401.5	401.4	397.1	390.8	381.3		↑↑
----- WEEK AGO -----													
414.0	409.4	404.6	399.2	400.1	399.0	395.7	394.4	394.2	389.9	384.3	375.4		

*NEW PA MILK MARGIN & IOFC—LATEST PSU VALUES — *MAR. 2022				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 05/25/22										SPOT CASH TREND	
FEED =	FEED COST	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	MAY	JUN	JUL	AUG	SEP	OCT	NOV	05/25/22	05/25/22	TREND		
\$/CWT	8.59	13.76	18.35	1.812	1.798	1.843	1.851	1.851	1.827	1.800	↑↑	1.8425	↑↑		
IOFC =	PREV MO	8.61	12.82	0.660	0.587	0.570	0.540	0.540	0.527	0.510	↑↑	0.5000	↓↓		
\$/COW	YR AGO	8.66	6.93	2.725	2.870	2.855	2.817	2.774	2.729	2.680	↑↑	2.8950	↓↓		
				2.412	2.355	2.390	2.383	2.334	2.335	2.307	↑↑	See Below			
				CME SPOT CHEESE: BARRELS 2.3000 / 40 LB BLOCKS 2.3000 ↓↓ / ↓↓											

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)							*CURRENT FEDERAL ORDER VALUES (\$/LB) * = *NEW						
*CL I ADV ↑↑	CL I IT ↑↑	CL III IT ↑↑	CL IV IT ↑↑	ALL-MILK-U.S.	ALL-MILK-PA		WEIGHTED AVG. 4-WK	APR. 1-30, 2022	APR. 2022	COMPONENTS			
*25.87 (JUN)	25.71 (APR)	24.42 (APR)	25.31 (APR)	25.90 (MAR)	26.40 (MAR) ↑↑		PRODUCT	VALUE	MAKE ALLOW	NET	PROT		
				4.13F	4.06F		CHEESE	2.2910	0.2003	2.0907	↑↑		
							BUTTER	2.7694	0.1715	2.5979	↑↑		
							NFDM	1.8314	0.1678	1.6636	↑↑		
							DRYWHEY	0.7394	0.1991	0.5403	↓↓		
											OTHER		
											0.5565	↓↓	

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. May 18, 2022 sale New Holland, PA)															
COWS: Fresh				Bred				Springing				HEIFERS: Bred			
1535	1485	N/A		1200	1325	800		535	N/A	700	N/A	N/A	1300		
----- WEEK AGO COMPARISON -----															
1575	1450	1850		1400	1350	800		485	N/A	725	N/A	1025	1100		
FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)															
Choice & Prime 1250-1550 lbs light test															
128.10															
WEEK AGO 114.85															
YR AGO 90.00															
BULL CALVES: No. 1 & 2, 90-130 lbs															
105.00															
WEEK AGO 102.00															
YR AGO 145.00															
70-85 lbs															
103.00															
WEEK AGO 95.00															
YR AGO 100.00															

Price averages do not include lower-end common

Average to high dressing

Premium White 102.10↑↑ **Breakers** 83.10 **Boners** 79.85 **Lean** 77.85↑↑

----- **WEEK AGO** -----

----- **YEAR AGO** -----

N/A 83.10 79.85 70.25

N/A 76.25 71.35 54.50

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