

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — MAY 26, 2021 — except where noted

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MAY: With dry weather over most of Pennsylvania in the last week, corn planting across the state took a decent leap towards completion. According to USDA, as of the week ending May 23, 77% of the corn across the Commonwealth is planted with 29% of that emerged. 77% is well ahead of the 5-year average of 54%, with 29% emerged in line with the 27% 5-year average. The top 18 states plant 92% of the nation's corn acreage and these states, on average, have 90% of their corn acreage planted, 10 percentage points ahead of the 5-year average. 64% of the corn in the top 18 states has emerged, 10 percentage points more than the 5-year average.

For the first time since February, the 12-month average Class III price dropped compared to the previous month. However, Class IV continues its upward trend compared to February's drop in Class IV milk price. The average Class III price at the close of business on May 24 now averages \$18.38 per cwt, 36 cents less than the end of April. Whereas, Class IV has improved 55 cents to \$17.63. Food service sales are the best since prior to the pandemic, down only 14% from 2019 highs.

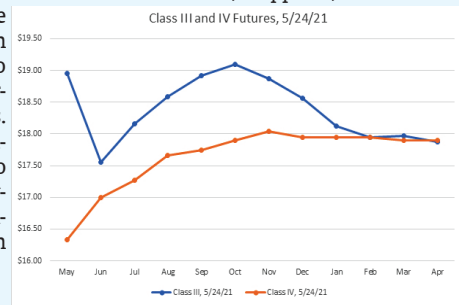
April U.S. milk production was up an unexpected 3.3% compared to April 2020 and was driven largely by increased production in California, Texas, and New Mexico. Milk production last month totaled 19.295 billion pounds across the country, and it was the 11th month in a row to experience year-over-year (YOY) growth. The production growth was a result of increased cow numbers and milk production per cow. Cow numbers reached a multi-decade high of 9.490 million head in April and was 16,000 head greater than last April. Milk production per cow increased 1.6 pounds (+2.0%) compared to April 2020 to 77.9 pounds.

For the fourth consecutive month, Pennsylvania's milk production declined, YOY. The decline was a result of 10,000 less cows than last April despite increased milk output per cow. Total production across the Commonwealth equaled 874 mil. pounds, down 1.0% (-9 mil. lbs). The Pa. dairy herd held at 475,000 head for the fourth month in a row but is down 2.1% compared to last year. Milk production per cow continues to grow across the

state with the average milk cow now producing 70.5 pounds per cow, up 1.1% (+0.7 pounds per cow) compared to April 2020.

March exports, the most recent data available from the U.S. Dairy Export Council (USDEC), show that a record 215,557 metric tons of milk solids equivalent dairy products left the country. This represented 18.6% (second highest percentage ever) of total monthly milk production, or over one day's total production each week. March export value was estimated at \$688 million, the highest monthly value since 2014.

One economic barometer I look at on a monthly basis but do not generally mention it very often is the Consumer Confidence Interval (CCI). The CCI is a survey, administered by the non-profit research organization, The Conference Board, each month to gauge how optimistic or pessimistic consumers are about their financial situation. Basically, the CCI indicates how likely they are to purchase goods, thus stimulating the economy. A higher CCI indicates that consumers are more likely to buy additional goods. The CCI reached a pandemic high of 121.7 in April. This is 42% higher than April 2020. The CCI in February 2020 was 132.6 and was the 2020 high. As local and state governments ease COVID-19 mandates, it appears, at least from the standpoint of the CCI, that the American consumer is trying to get back to more normal spending patterns. The CCI has its limitations on being able to predict economic recovery, but at least it indicates we are headed in the right direction.



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 26, 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>\$0.30-0.50 lower Jun-Sep, steady to 7 cents higher through Apr. 2022</i> | 18.93 | 17.98 | 18.55 | 18.80 | 19.11 | 19.25 | 19.04 | 18.70 | 18.17 | 18.00 | 17.95 | 17.82 | MIXED | | | | |
| CLASS IV MILK FUTURES (\$/CWT) vs. week ago: <i>Mostly \$0.30-50 lower, except Dec-Apr steady to 7 cents lower</i> | 16.33 | 16.69 | 16.90 | 17.24 | 17.47 | 17.57 | 17.71 | 17.75 | 17.85 | 17.85 | 17.85 | 17.85 | ↓ | | | | |
| 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 — <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) | | | | | | | | | | | | | | | | | |
| | 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 | 0.08 | 18.00 | 0.28 | 18.50 | 0.76 | 18.75 | 0.90 | 19.00 | 0.94 | 19.25 | 1.15 | 19.00 | 1.22 | 18.75 | 1.31 | 18.25 | 1.32 | 18.00 | 1.28 | 18.00 | 1.34 | 17.75 | 1.27 |
| SEP-21 | | DEC-21 | | MAR-22 | | JUL-22 | | Example | | JUL-21 | | OCT-21 | | DEC-21 | | MAR-22 | | | | | | | |
| CORN (\$/BU) OPTIONS — CALLS | | | | | | | | | | | | | | Daily Strike | | SOYMEAL (\$/TON) OPTIONS — CALLS | | | | | | | |
| 5.60 | 39.70 | 5.70 | 35.60 | 6.20 | 28.40 | 6.10 | 35.30 | Price / Premium | 350 | 35.00 | 350 | 39.15 | 360 | 36.05 | 360 | 33.05 | | | | | | | |
| 7.90 | 04.60 | 7.50 | 08.10 | 7.70 | 09.10 | 7.70 | 11.20 | 410 | 02.95 | 490 | 02.55 | 500 | 03.05 | 480 | 04.80 | | | | | | | | |

| CORN FUTURES (\$/BU) | | | | | | | | | | | | | | TREND |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|--|-------|
| 6.244 | 5.472 | 5.206 | 5.272 | 5.300 | 5.296 | 4.862 | 4.732 | 4.800 | 4.812 | 4.842 | 4.392 | | | ↓ |
| WEEK AGO | | | | | | | | | | | | | | |
| 6.582 | 5.670 | 5.390 | 5.452 | 5.484 | 5.476 | 4.976 | 4.840 | 4.910 | 4.922 | 4.934 | 4.484 | | | |
| SOYMEAL FUTURES (\$/TON) | | | | | | | | | | | | | | TREND |
| 383.8 | 384.6 | 384.6 | 382.8 | 384.3 | 383.0 | 376.4 | 374.4 | 375.8 | 370.8 | 364.0 | 353.3 | | | ↓ |
| WEEK AGO | | | | | | | | | | | | | | |
| 403.2 | 400.9 | 397.7 | 393.6 | 394.0 | 392.3 | 386.0 | 384.0 | 384.6 | 379.8 | 371.7 | 360.4 | | | |

| *NEW PA MILK MARGIN & IOFC—LATEST PSU VALUES — *APR. 2021 | | | | | CME DAIRY CASH-SETTLED FUTURES (\$/LB) 05/26/21 | | | | | | | | | | SPOT CASH TEND | |
|--|--------------------------|------------------------------------|------------------------------------|-------------------------------------|--|------------|------------|------------|------------|------------|------------|-----------------|-----------------|--------------|-----------------------|--|
| FEED = | FEED COST | IOFC (\$/COW @ 75 lbs milk) | IOFC (\$/COW @ 75 lbs milk) | PA MILK MARGIN (\$/CWT milk) | MAY | JUN | JUL | AUG | SEP | OCT | NOV | 05/26/21 | 05/26/21 | TREND | | |
| \$/CWT. | *APR. (estimated) | *8.74↑ | *7.77↑ | *10.35↑ | 1.242 | 1.292 | 1.305 | 1.330 | 1.347 | 1.357 | 1.368 | ↓ | 1.2900 | ↓ | | |
| IOFC = | *PREV MO | *8.66 | *6.93 | *9.24 | 0.655 | 0.670 | 0.671 | 0.642 | 0.623 | 0.592 | 0.560 | ↓ | 0.6525 | ↑ | | |
| \$/COW | YR AGO | 7.03 | 6.20 | 8.27 | 1.830 | 1.802 | 1.830 | 1.870 | 1.890 | 1.892 | 1.905 | ↓ | 1.7850 | ↑ | | |
| | | | | | 1.815 | 1.703 | 1.764 | 1.803 | 1.845 | 1.877 | 1.887 | ↓ | See Below | | | |
| | | | | | CME SPOT CHEESE: BARRELS 1.6425 / 40 LB BLOCKS 1.5675 ↑ / ↓ | | | | | | | | | | | |

| *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 | TREND | | |
| *18.29(JUN) | 15.56(APR) | 17.67(APR) | 15.42(APR) | 17.40(MAR)↑ | 17.90(MAR)↑ | 1.7106 | 0.2003 | 1.5103 | ↑ | PROT | 2.8136 | ↑ | | | |
| MONTH AGO | | | | | | 1.7814 | 0.1715 | 1.6099 | ↑ | B.FAT | 1.9496 | ↑ | | | |
| YEAR AGO | | | | | | 1.1680 | 0.1678 | 1.0002 | ↑ | N.FAT | 0.9902 | ↑ | | | |
| 11.42 | 13.87 | 13.07 | 11.40 | 17.90 | 18.90 | 0.6135 | 0.1991 | 0.4144 | ↑ | OTHER | 0.4268 | ↑ | | | |

| CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. May 19, 2021 sale New Holland, PA) | | | | | | | | | | | | | | |
|--|---------------------------------------|--------------------------|---------------------------|---------------------|----------------------------|-----|-----|-----|-----|------|--|--|--|--|
| COWS: Fresh Bred Springing | HEIFERS: Bred Beef x Springing | Open: 300-600 lbs | Beef X 600-900 lbs | 900-1000 lbs | BULLS(1100-1300 lb) | | | | | | | | | |
| 1115 | 950 | 1125 | 975 | 935 | 1050 | 475 | N/A | 685 | N/A | 1150 | | | | |
| MONTH AGO COMPARISON | | | | | | | | | | | | | | |
| 985 | 900 | 900 | 875 | 550 | 910 | 450 | 550 | 650 | N/A | 1000 | | | | |

| FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT) | | | | CURRENT | | Beef X | | WEEK AGO | | YR AGO | |
|--|--|--|--|----------------|--------|---------------|--|-----------------|--|---------------|---|
| Choice & Prime 1250-1550 lbs light test | | | | 90.00 | | | | 95.00 | | No report | ↓ |
| BULL CALVES: No. 1 & 2, 90-130 lbs | | | | 145.00 | 310.00 | | | 140.00 | | No report | ↑ |
| 70-85 lbs | | | | 100.00 | 365.00 | | | 85.00 | | No report | ↑ |

Average to high dressing

Premium White: N/A, Breakers: 76.25↑, Boners: 71.35↑, Lean: 54.50↑

WEEK AGO: N/A, 71.10, 69.85, 51.00

YEAR AGO: N/A, 71.10, 69.85, 51.00

Price averages do not include lower-end common

Average to high dressing

Price not reported by USDA due to COVID shut down

brought to you by:

FARM SHINE

CENTER FOR DAIRY EXCELLENCE

pennsylvania DEPARTMENT OF AGRICULTURE