

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JUNE 8, 2022 — except where noted



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**High Dairy Product Prices:** At \$27.10 per cwt, the U.S. all-milk price hit a record high in April for the second month in a row. This is \$1.20 more than March's U.S. all-milk price at \$25.90 per cwt which had eclipsed the previous record of \$25.70 set in September 2014. Suppressed milk production growth across the world is keeping milk supply tight across the globe and continues to support upward movement in domestic and global dairy product and milk prices. However, high prices are starting to curb consumer purchasing.

According to the latest USDA Dairy Market News weekly report, the week ending June 3 saw a mix in dairy product price movements. Cheddar cheese barrels were down 5 cents per pound compared to the previous week to \$2.28 per pound, but 69 cents per pound (+43%) more than the same week in June 2021. Cheddar cheese blocks are basically flat compared to the previous week, down 1 cent per pound to \$2.25. This is 74 cents per pound (+49%) more than last year. Butter and nonfat dry milk (NDM) finished last week up slightly compared to the previous week. NDM was basically flat, up only three hundredths of a cent to \$1.87 per pound. However, NDM price is up 59 cents per pound (+46%) compared to one year ago. Butter was up 4 cents per pound last week to \$2.91 per pound compared to the previous week and \$1.12 (+63%) higher than one year ago.

Looking at the current supply and demand situation shows that despite tight supply, demand is also decreasing. High retail prices and reduced usage of more expensive dairy products at food-service establishments are softening demand. According to the DMC Decision Tool, the U.S. all milk price is expected to have hit its peak in April. However, as of closing prices June 6, the Dairy Revenue Protection program sets the highest net Class III and

IV price floors for all quarters currently available (3rd Quarter 2022 through 3rd Quarter 2023 until June 15, 2022). The market is certainly sending some conflicting signals as new territory is being navigated with record milk prices coupled with record input prices, high feed costs, and the highest overall inflation the U.S. has seen in decades. The question remains, how high will dairy product prices get before people and restaurants limit dairy product purchases? The information that I read shows that perhaps we are there. April dairy product disappearance will be reported in mid-June. It will be interesting to see how April demand was affected by record milk price at the farm level. As one source I read put it, "High prices are starting to cure high prices," referring to the fact that high retail and wholesale dairy product prices are beginning to reduce dairy product purchases which will eventually cause milk price to fall.

According to the latest Crop Progress report, corn and soybean planting has caught up with the five-year average. As of the week ending June 5, 94% of corn acreage has been planted in the top 18 corn producing states compared to the five-year average of 92%. In the top 18 soybean producing states, 78% of the bean acreage has been planted compared to the five-year average of 79%. Corn and soybean emergence is also mostly on schedule. Of the corn acreage planted, 78% has emerged compared to an 81% five-year average. Soybean emergence is also three percentage points behind the five-year average with 56% of planted acreage emerged. Soybean condition was not reported in the last report. However, with an overall favorable early growing season, 73% of the corn was graded as either "good" or "excellent" condition with 23% "fair," and 4% either "poor" or "very poor."

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 — JUNE 8, 2022 AT THE CLOSE

	JUN-22	JUL-22	AUG-22	SEP-22	OCT-22	NOV-22	DEC-22	JAN-23	FEB-23	MAR-23	APR-23	MAY-23	TREND
<b>CLASS III MILK FUTURES (\$/CWT)</b> vs. wk ago: <i>June down \$0.15, Jul-Sep up \$0.30-0.50, Nov-Dec up \$0.15-0.25, Jan-May up \$0.35-0.45. 12-Month Avg. 23.3511</i>	24.30	25.01	24.90	24.71	24.37	24.00	23.45	22.68	22.13	21.79	21.50	21.35	↑↑
<b>CLASS IV MILK FUTURES (\$/CWT)</b> vs. wk ago: <i>June up \$0.20, rest of board \$0.30-0.60, mostly \$0.40-0.50 higher. 12-Month Avg. 24.5011</i>	25.76	26.27	26.20	26.40	25.69	25.18	24.60	23.59	23.00	22.72	22.42	22.15	↑↑

HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III CONTRACTS OVER LIFE OF CONTRACT & MONTH/DATE OF OCCURRENCE													
25.10 04/22 25.01 06/22 24.90 06/22 24.71 06/22 24.37 06/22 24.00 06/22 23.45 06/22 23.43 03/22 22.20 03/22 22.08 03/22 22.08 03/22													
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 11.72 05/20													
<b>CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium</b>													
24.25 0.09 25.00 0.62 25.00 0.69 24.75 1.13 24.25 1.16 24.00 1.28 23.50 1.38 23.25 1.44 22.75 1.42 22.25 1.46 21.75 1.45 21.50 1.52													
<b>MILK BASIS (\$/CWT) — PA BASIS &amp; 2016-19 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)</b>													
PA 1.58 0.99 1.03 0.95 0.79 0.60 0.79 1.17 0.62 1.53 2.29 1.82													
*AVG 1.45 1.25 1.31 1.15 0.67 0.74 1.38 0.85 1.67 2.55 2.15 1.66													
<b>DMC OFFICIAL GROSS MARGINS per cwt. (USDA All-Milk, com/alfalfa &amp; Ill. soybean, feed for all classes of dairy cattle on the farm) Updated with NEW prem. alfalfa feed cost</b>													
DMC 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 *APR-22													
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 *12.29 ↑↑													

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-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 *APR-22													
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 *17.69 ↑↑													
<b>PA AVG MILK MARGIN per 100 lbs milk based on 75-lb herd average and USDA's PA All-Milk price, USDA com &amp; alfalfa hay &amp; Buff., NY soybean prices (lactating feed only)</b>													
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 *18.52 ↑↑													

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													
7.644 7.276 7.176 7.226 7.240 7.196 6.672 6.442 6.500 6.512 6.474 5.880 ↑↑													
WEEK AGO													
7.302 7.046 6.942 6.992 7.004 6.970 6.464 6.244 6.304 6.316 6.284 5.620													

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													
415.6 407.7 401.1 395.3 396.7 395.1 390.0 387.2 388.3 382.8 374.7 363.8 ↓↓													
WEEK AGO													
414.9 408.4 402.2 397.3 399.0 397.7 392.6 390.8 390.3 385.0 376.9 366.2													

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *APR. 2022				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 06/08/22 SPOT CASH TREND											
FEED = \$/CWT	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	MAY	JUN	JUL	AUG	SEP	OCT	NOV	06/08/22	Trend			
IOFC = \$/COW	*APR (estimated) *8.70↑↑	*13.89↑↑	*18.52↑↑	1.813	1.850	1.865	1.874	1.855	1.836	1.832	↑↑	1.8850	↑↑		
	PREV MO 8.59	13.76	18.35	0.612	0.602	0.587	0.580	0.570	0.550	0.540	↑↑	0.5250	↓↓		
	YR AGO 9.03	6.77	9.24	2.954	2.975	2.928	2.886	2.828	2.760	2.605	↑↑	3.0000	↑↑		
				2.350	2.425	2.425	2.423	2.405	2.380	2.330	↑↑	See Below	↑↑		
				CME SPOT CHEESE: BARRELS 2.2550 / 40 LB BLOCKS 2.2750 ↓↓ / ↑↑											

*USDA FEB-22 NEW * ALL-MILK BF MAILBOX													
MO N/A N/A \$26.95													
*FL \$27.50 3.73 \$25.02													
*SE \$26.90 3.81 \$24.98													
*APP \$26.30 4.05 \$24.82													
*NY \$25.40 4.13 \$24.76													
*IL \$24.60 4.20 \$24.64													
*WVOR \$26.05 4.33 \$24.51													
*PAeast \$25.70 4.11 \$24.23													
*PAwestern PA only \$24.23													
*CA \$24.90 4.14 \$24.00													
*U.S. \$24.70 4.17 \$23.88													
*MN \$24.20 4.41 \$23.79													
*OH \$24.10 4.28 \$23.77													
*TX \$25.20 4.42 \$23.61													
*WI \$24.00 4.17 \$23.50													
*IN \$24.60 4.13 \$23.47													
*MI \$23.80 4.08 \$22.91													
*NEKS \$23.70 4.29 \$22.81													
*NM \$22.90 4.02 \$21.94													
<b>*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)</b>													
CL I ADV↑↑		*CL II↑↑		*CL III↑↑		*CL IV↓↓		ALL-MILK-U.S		ALL-MILK-PA			
25.87(JUN)		*25.87(MAY)		*25.21(MAY)		*24.99(MAY)		27.10(APR)		27.50(APR)↑↑			
				MONTH AGO				4.08F		4.01F			
25.45		25.71		24.42		25.31		25.90 4.13F		26.40 4.06F			
				YEAR AGO									
18.29		16.22		18.96		16.16		18.40 3.99F		18.40 3.95F			

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. June 1, 2022 sale New Holland, PA)													
COWS: Fresh Bred Springing HEIFERS: Bred Springing Beef x Open: 300-600 lbs Beef X 600-900 lbs Beef X 900-1100 lbs BULLS (900+ lbs)													
1100		1125		1335		1135		1225		1075		325 N/A N/A 700 N/A 1250 LTD	
WEEK AGO COMPARISON													
1475		1435		1425		1150		1300		1200		435 375 800 N/A 1175 1050	

FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)				CURRENT Beef X WEEK AGO YR AGO			
Choice & Prime 1250-1550 lbs light test				122.00 118.00 94.35 ↑↑			
BULL CALVES: No. 1 & 2, 90-130 lbs				185.00 275.00 119.00 200 107.00 ↑↑			
70-85 lbs				140.00 360.00 88.00 185 100.00 ↑↑			

brought to you by:

Average to high dressing

Premium White	Breakers	Boners	Lean
88.35↑↑	84.50↑↑	72.25↑↑	
WEEK AGO			
N/A	86.85	81.50	70.60
YEAR AGO			
N/A	77.10	64.85	52.85