

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JUNE 9, 2021 — except where noted



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Post Pandemic Demand: As new COVID-19 cases decline across Pennsylvania and the nation, many states have relaxed or lifted mask mandates and restaurant capacities. On Memorial Day in Pennsylvania, Governor Wolf lifted the restrictions on restaurant capacity, which can now operate at 100% capacity. Mask mandates will remain in effect with some flexibility for individuals or groups of individuals that are fully vaccinated. It is still unclear if fully vaccinated individuals can transmit the virus to unvaccinated individuals. Furthermore, being fully vaccinated does not guarantee full immunity especially to the new COVID variants that are starting to show up. It is recommended that Pennsylvania residents continue to follow state guidelines until 70% of adults in the state are fully vaccinated and the mask mandate is lifted.

As COVID-19 mitigation restrictions are relaxed across the country, food service sales are rapidly increasing. During the last week of May, full-service restaurants saw sales only down 7.4% compared to the same time in 2019. This represents a pandemic high, according to OpenTable, an online reservations and market research firm. Quick service restaurant sales have already surpassed 2019 and, if added to full-service data, probably indicates growth for the entire foodservice category relative to pre-pandemic. That is good news for the dairy sector. Prior to the pandemic, foodservice accounted for about 50% of dairy product sales. Despite a return of foodservice sales, retail sales have been able to remain above pre-pandemic totals indicating that U.S. families are still consuming plenty of dairy products at home in addition to eating out more frequently.

The latest USDA Cold Storage and Dairy Products Reports indicate the demand is robust. April cheddar cheese production set a new April record for the second year in a row. During the early stages of the pandemic, surplus milk was getting made into cheese and excess cream churned into butter to convert milk into more storable products. April 2021 cheddar cheese production was 334 million pounds, up 4 million pounds from April 2020. However,

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

cheddar cheese stock managed to decrease. April 2021 butter production was second only to last year's April production at 185 million pounds. Although April butter stocks grew compared to 2020, the rate of growth was less than typical for the middle of the Spring Flush. This indicates that butter sales continued at a decent rate through the month. Nonfat dry milk production declined to 194.6 million pounds, down 4% compared to April 2021. Nonfat dry milk stocks dropped to its lowest 2021 total in April, finishing the month at 302 million pounds. This represents a 23% drop in stocks compared to last year and is the lowest end of month stocks this year. April export totals will not be available until after this article is published, but it is expected that a large portion of the powder stock drawdown was the result of powder destined for other countries.

If you live in the south-central region of Pennsylvania, the Keystone Health Agricultural Worker Program has 700 doses of the Johnson & Johnson COVID-19 vaccine that will expire on June 23. This vaccine is a one-shot vaccine for adults 18 years and older. It does not require a booster in two to four weeks. If there are more than 20 workers at one location within a 50-mile radius of Gardners, PA, a Keystone Health worker will set up an on-site clinic to vaccinate all workers.

They encourage you to talk to neighboring farmers to come together at a central site to reach the 20-person minimum for on-site vaccination. Otherwise, workers will need to set up an appointment and travel to the Gardners, PA Keystone Health location or contact Keystone for additional information about nearby clinics. For more information, you may email Sharon Kaya, with the Keystone Agricultural Worker Program at shakaya@keystonehealth.org, or call 717-334-0001 extension 8103.

CME DAILY FUTURES & OPTIONS TRADING — JUNE 9, 2021 AT THE CLOSE

	JUN-21	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	TREND
CLASS III MILK FUTURES (\$/CWT) vs. week ago: MIXED: 0.35 lower Jun-July, Rest of board steady to 7 cents higher or lower 12-Month Avg. 18.11 ↓↓	17.07	17.53	18.38	18.85	18.93	18.76	18.36	17.98	17.97	17.90	17.80	17.76	MIXED
CLASS IV MILK FUTURES (\$/CWT) vs. week ago: Mostly 10 cents lower, except Sept-Dec 5 to 20 cents higher 12-Month Avg. 17.53	16.56	16.84	17.22	17.52	17.70	17.76	17.75	17.75	17.75	17.89	17.82	17.82	MIXED

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 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	*APR-21
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	*6.94 ↑↑

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)

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
13.10	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	17.00 0.04	17.50 0.52	18.50 0.84	18.75 0.84	19.00 1.04	18.75 1.03	18.25 1.00	18.00 1.08	18.00 1.11	18.00 1.13	17.75 1.09	17.75 1.16
CORN (\$/BU) OPTIONS — CALLS	6.60 39.10	6.80 40.40	7.10 38.60	7.60 36.00	9.10 05.50	9.40 08.30	9.60 08.30	9.60 11.20				

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
	6.906	6.320	6.096	6.156	6.192	6.186	5.446	5.246	5.316	5.340	5.356	4.770	↑↑

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
	386.4	388.4	390.9	390.7	393.8	393.3	384.7	381.0	382.1	378.0	371.3	358.8	↓↓

PA MILK MARGIN & IOFC-LATEST PSU VALUES - *APR. 2021	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)
*APR. (estimated)	*8.74 ↑↑	*7.77 ↑↑	*10.35 ↑↑
*PREV MO	*8.66	*6.93	*9.24
YR AGO	7.03	6.20	8.27

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 06/09/21	JUN	JUL	AUG	SEP	OCT	NOV	DEC	SPOT CASH TEND 06/09/21
NFDM	1.295	1.316	1.348	1.377	1.388	1.385	1.390	↑↑ 1.3150
WHEY	0.637	0.620	0.595	0.589	0.570	0.554	0.527	↓↓ 0.6200
BUTTER	1.800	1.820	1.837	1.870	1.887	1.895	1.900	↓↓ 1.7900
CHEESE	1.634	1.690	1.795	1.841	1.875	1.865	1.839	Mixed See Below

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. June 2, 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)	
	1165	950	1110	1025 N/A	N/A	525	750 N/A	1000

FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)	Choice & Prime 1250-1550 lbs light test	94.35	88.00	No report
BULL CALVES:	No. 1 & 2, 90-130 lbs	107.00	160.00	No report
	70-85 lbs	100.00	175.00	No report

Price averages do not include lower-end common

Average to high dressing

Sale not reported by USDA due to COVID shut down

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