

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JUNE 29, 2022 — except where noted



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JUNE: U.S. milk production continued its year-over-year (YOY) decline in May based on the latest USDA Milk Production report released last week. Milk production per cow and cow numbers are both contributing to the total production decline. Heat stress is also beginning to be a factor with 90 to 100 plus degree days in the West and parts of the Midwest.

The June Milk Production report shows that May was the 7th month in a row to experience a YOY decline in milk production. At 19.715 billion pounds, total U.S. milk production was down 140 million pounds (-0.7%) YOY. The U.S. herd size in May was 9.405 million cows, 102,000 (-1.1%) less than a year ago. However, this is the 4th month of month-over-month increases. Cow numbers increased 2,000 in May compared to April and are 38,000 more than January 2022. The average U.S. milk cow produced 2,096 pounds of milk during May which was 8 pounds (-0.4%) less than she did last year. This is equivalent to a 0.3 pound per day drop to 77.7 pounds per cow.

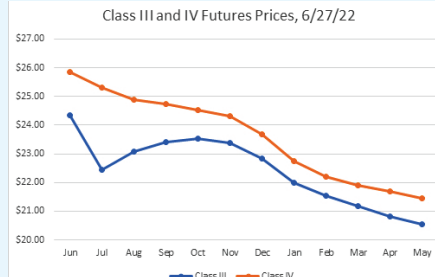
Pennsylvania followed the national trend for cow numbers and total production. However, milk production per cow increased YOY for the first time since February. Total milk production across the Commonwealth declined by 1.1% (-10 million pounds) to 883 million pounds during May. This was because cow numbers fell 7,000 head compared to May 2021. At 467,000 cows, Pennsylvania has maintained its current herd size for 3 months. The average Pennsylvania cow produced 1,890 pounds during May which was 10 pounds (+0.53%) more than she did last year. This is equivalent to 70.1 pounds/cow/day, an increase of about 0.4 pounds.

The U.S. is not the only major milk producer to be experiencing YOY declines. The European Union (EU) has been decreasing YOY for several months by 2% or more. Drought conditions in New Zealand are also restricting milk production there. As a result, milk supplies are tight and are bolstering dairy product prices. Unfortunately, high retail prices have weakened dairy product demand resulting in continued reduction in Class III milk prices and stagnate to declining Class IV milk prices. The 12-month average Class III milk price, as of June 27, was \$22.42 per cwt,

52 cents less than this time last month. Current demand uncertainty is causing short term Class IV milk price declines. Average Class IV milk prices have only declined by 3 cents per cwt since last month. However, Class IV prices for August and September are 34 and 23 cents less, respectively.

Dairy exports continue to impress. With a tight milk supply in the EU and New Zealand, U.S. dairy product prices remain competitive despite the increasing value of the U.S. dollar compared to other currencies. Dairy exports set an April record at 213,193 metric tons (MT) of milk solids equivalent dairy products. April was also the first time this year for exports to post a YOY increase at 1% (+1,318 MT) above April 2021. Dairy export value was estimated as \$845.6 mil. or \$155 mil. (22%) more than April 2021. April export value was the 2nd highest value behind March 2022's \$859.6 mil. The increase in value was driven by higher dairy product prices compared to last year along with increased exports of higher value products like cheese (+2.3% YOY) and butterfat (+25% YOY).

Weekly USDA Crop Progress reports published during the month of June show that virtually all corn and soybeans in the top producing states have been planted. Nearly all the corn has emerged with 4% of the crop silking, on par with the five-year average. 94% of the crop is listed as in fair to excellent condition. 91% of the soybeans planted have emerged. 7% are flowering which is four percentage points less than the five-year average of 11%. 94% of the soybeans are reported to be in fair to excellent condition.



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 29, 2022 AT THE CLOSE

	JUL-22	AUG-22	SEP-22	OCT-22	NOV-22	DEC-22	JAN-23	FEB-23	MAR-23	APR-23	MAY-23	JUN-23	TREND
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: <i>Futures down \$0.50-1.00, spots off \$0.20-0.30</i>	22.80	23.33	23.58	23.64	23.51	23.00	22.22	21.74	21.41	20.99	20.82	20.48	12-Month Avg. 22.29 ↓↓
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: <i>Futures down \$0.30-0.50, spots steady in early 2023</i>	25.68	25.23	25.00	24.68	24.29	23.65	23.00	22.44	22.11	21.70	21.65	21.45	12-Month Avg. 23.40 ↓↓
----- HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III CONTRACTS OVER LIFE OF CONTRACT & MONTH/DATE OF OCCURRENCE -----													
	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	22.08 03/22	22.08 03/22	
	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	11.72 05/20	

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																								
	22.75	0.23	23.25	0.79	23.50	1.03	23.75	1.26	23.50	1.28	23.00	1.40	22.25	1.43	21.75	1.42	21.50	1.55	21.00	1.52	20.75	1.52	20.50	1.64
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 & Ill. soybean, feed for all classes of dairy cattle on the farm) Updated with NEW prem. alfalfa feed cost																								
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	↑↑							
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)																								
	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
	7.702	6.640	6.536	6.592	6.610	6.574	6.212	6.042	6.114	6.134	5.560	5.450	↓↓
----- WEEK AGO -----													
	7.680	7.020	6.936	6.990	7.004	6.964	6.480	6.270	6.330	6.350	6.330	5.742	

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
	463.2	429.3	413.6	405.7	407.0	405.5	399.8	395.7	392.6	385.9	377.3	368.2	↑↑
----- WEEK AGO -----													
	432.4	415.3	404.2	397.9	399.9	399.3	395.0	393.1	392.1	386.6	378.8	369.6	

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *APR. 2022				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 06/29/22												SPOT CASH TREND			
FEED = \$/CWT	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	JUN	JUL	AUG	SEP	OCT	NOV	DEC	NOV	DEC	NOV	DEC	NOV	DEC	06/29/22	06/29/22	
IOFC = \$/COW	*APR (estimated) *8.70↑↑	*13.89↑↑	*18.52↑↑	NFDM	1.783	1.755	1.751	1.737	1.725	1.717	1.700	1.700	1.700	1.700	1.700	1.700	1.700	1.8000	↓↓
	PREV MO 8.59	13.76	18.35	WHEY	0.560	0.514	0.500	0.486	0.477	0.490	0.470	0.470	0.470	0.470	0.470	0.470	0.470	0.4825	↓↓
	YR AGO 9.03	6.77	9.24	BUTTER	2.950	2.892	2.865	2.824	2.716	2.615	2.505	2.505	2.505	2.505	2.505	2.505	2.505	2.9950	↑↑
				CHEESE	2.230	2.305	2.344	2.359	2.358	2.319	2.238	2.238	2.238	2.238	2.238	2.238	2.238	See Below	↓
				CME SPOT CHEESE: BARRELS 2.1950 / 40 LB BLOCKS 2.1950 ↑↑ / ↑↑															

*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 MAY 30- JUNE 25, 2022				*JUNE 2022				COMPONENTS													
*25.87(JUL)	*26.65(JUN)	*24.33(JUN)	*25.83(JUN)	*27.30(MAY)↑↑	*27.30(MAY)↑↑	PRODUCT	VALUE	MAKE ALLOW	NET	PROTONS	COMPONENTS	COMPONENTS	COMPONENTS	COMPONENTS	COMPONENTS	COMPONENTS	COMPONENTS	COMPONENTS	COMPONENTS								
				4.00F	3.92F	*CHEESE	2.3498	0.2003	2.1495	↓	*B.FAT	3.4173	↓	*BUTTER	2.9232	0.1715	2.7517	↑	*N.FAT	1.6313	↑	*OTHER	0.4295	↓			
						*NFDM	1.8156	0.1678	1.6478	↑	*WHEAT	1.6313	↑	*WHEAT	1.8156	0.1678	1.6478	↑	*WHEAT	1.8156	0.1678	1.6478	↑				
						*DRYWHEY	0.6161	0.1991	0.4170	↓	*OTHER	0.4295	↓														

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. June 29, 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)											
1325				1600				1625LTD				1305				1285				1075				450				N/A				775				N/A				1125				1200			
----- WEEK AGO COMPARISON -----																																															
1301				1315LTD				1400LTD				1250				1250				1075				425				N/A				800				N/A				995				1100INDIVIDUAL			
FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)														CURRENT Beef X WEEK AGO YR AGO																																	
Choice & Prime 1250-1550 lbs light test														120.00 130.00 98.00 ↓↓																																	
BULL CALVES: No. 1 & 2, 90-130 lbs														177.00 300.00 166.00 260 115.00 ↑↑																																	
70-85 lbs														185.00 N/A 165.00 380 70.00 ↑↑																																	

Price averages do not include lower-end common

Average to high dressing

Week Ago: 95.00↑↑, 93.50, 85.00, 73.25

Year Ago: 79.35, 74.75, 67.25

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