

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JULY 20, 2022 — except where noted



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Mid-year Forecasts: It is hard to believe that we are over halfway through another year already. Hopefully, you have been able to enjoy some ice cream during National Ice Cream Month. I thought it would be a good time to share some mid-year forecasts. Overall, milk and feed commodity markets have been very volatile this year.

Each month the USDA releases its Livestock, Dairy, and Poultry Outlook (LDPO) and World Agriculture Supply and Demand Estimates (WASDE) reports. These reports describe factors affecting the price and supply of different agriculture products. May's ending commercial dairy product stocks equaled 12.516 billion pounds, 4% higher than May 2021 and 4% higher than April 2022. This sets a record high for month-ending stocks. With record stocks, from a milk price standpoint, it is probably good that May milk production was nearly 1% lower than last May. Otherwise, commercial stocks may have expanded even more. Reduced milk production was a result of lower cow numbers and decreased milk production per cow. The latest LDPO report shares that cow numbers will average 9.400 million head in 2022 with milk yield per cow reduced to 24,040 pounds, a 50 pounds per cow reduction from last month's projection. Feed cost gets the blame for the reduction in milk yield.

Domestic dairy product use this year is expected to be down an estimated 0.6 billion pounds compared to 2021 at 221.2 billion pounds, while exports are expected to be 12.2 billion pounds on a milkfat basis, up 0.2 billion compared to 2021. Due to high demand for milkfat, dairy imports are expected to rise 0.1 billion pounds over 2021 levels to 7.1 billion pounds, on a milkfat basis. As a result of softening domestic demand for cheese and lower cheese prices, Class III milk price is projected to average \$22.80 per cwt this year, 10 cents less than June's projection, but \$3.15 more than what was projected in January of this year. With strong butter demand causing a higher butter price, and nonfat dry milk price holding steady, the average 2022 Class IV milk price was increased by 5 cents per cwt from June's forecast to \$24.70. This is \$3.80 more than January's forecast. Declining Class III

price offsets the gain in Class IV, reducing the projected 2022 U.S. all-milk price by 5 cents per cwt to \$26.15. This is \$3.55 per cwt more than what was forecasted in January 2022. If the projected Class III, IV, and all-milk prices become reality, they would surpass previous 2014 record highs by 46 cents, \$2.61, and \$2.17 per cwt, respectively.

On the feed side, the WASDE reported mixed results regarding corn and soybean production. Corn production for the 2022/2023 season increased by 45 million bushels compared to the initial seasonal forecast in the June WASDE report to 14.505 billion bushels because of additional acres of corn planted and harvested compared to the June report. Yield per acre at 177.0 bushels per acre was unchanged from the June report. Behind increased total production, the 2022/2023 season average corn price was reduced 10 cents per bushel compared to the June report to \$6.65.

Soybean production was reduced 135 million bushels compared to the June report to 4.5 billion bushels. The reduction was due to less acreage planted and harvested. Despite a shorter supply of soybeans, the average 2022-23 soybean price forecast was reduced by 30 cents per bushel compared to the June report to \$14.40. Demand for soybean meal exports was reduced while projected domestic use was increased. However, the reduction in exports overwhelms domestic use projections to put downward pressure on the price. The 2022-23 season average for soybean meal decreased \$10 per ton relative to the June reports to \$390 per ton.

	Jan-22 Forecast	YTD Avg	Jul-2022 Forecast
U.S. All-Milk, \$/cwt	\$22.60	\$25.84	\$26.15
Class III, \$/cwt	\$19.65	\$22.95	\$22.80
Class IV, \$/cwt	\$20.90	\$24.67	\$24.70
Corn, \$/bu	N/A	\$6.51	\$6.65
Soybeans, \$/bu	N/A	\$14.58	\$14.40
SBM, \$/ton	N/A	\$460.01	\$390.00

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 — JULY 20, 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: All contracts \$0.20-0.40 lower across the board, spots down \$0.50	22.55	20.69	20.51	20.91	20.98	20.50	19.83	19.57	19.30	19.13	19.04	19.00	12-Month Avg. 20.17 ↓↓
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: Current month July down \$0.10, Aug22-Jan-23 down \$0.30-0.75, Feb-Jun down \$0.10-0.25	25.86	24.56	23.26	22.53	22.03	21.50	21.81	20.45	20.23	20.01	19.89	19.87	12-Month Avg. 21.83 ↓↓
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 21.92 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 12.02 05/20													
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	22.50 0.04	20.75 0.45	20.50 0.77	21.00 1.08	21.00 1.17	20.50 1.28	19.75 1.28	19.50 1.35	19.25 1.44	19.25 1.55	19.00 1.52	19.00 1.61	
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 farm) Updated with NEW prem. alfalfa feed cost													
DMC 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 *MAY-22													
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 *12.51 ↑↑													

U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report															
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	MAY-22	JUN-22
204.40	207.41	217.53	214.32	232.31	235.20	246.10	256.09	262.84	242.90	270.34	253.80	278.02	280.00	322.00	321.17 Steady
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report															
931	1012	1005	1042	1003	1065	993	1018	1062	1152	1151	1237	1253	1390	1278	1184 ↓↓

CORN FUTURES (\$/BU)													
SEP-22	DEC-22	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	MAR-24	MAY-24	JUL-24	SEP-24	DEC-24	TREND	
5.922	5.900	5.962	6.006	6.004	5.744	5.640	5.720	5.752	5.740	5.364	5.264	MIXED	
WEEK AGO													
6.000	5.952	6.022	6.056	6.036	5.736	5.606	5.684	5.720	5.326	5.290	5.260		

SOYMEAL FUTURES (\$/TON)													
AUG-22	SEP-22	OCT-22	DEC-22	JAN-23	MAR-23	MAY-23	JUL-23	AUG-23	SEP-23	OCT-23	DEC-23	TREND	
436.5	406.5	392.5	390.9	389.6	386.2	384.1	382.9	377.9	371.1	363.2	363.3	↓↓	
WEEK AGO													
437.2	412.2	401.8	402.5	401.2	397.1	394.1	392.6	386.5	378.6	369.4	367.3		

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *MAY 2022				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 07/20/22										SPOT CASH TREND	
FEED = \$/CWT	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	JUL	AUG	SEP	OCT	NOV	DEC	JAN23			07/20/22	07/20/22	
*MAY (estimated)	9.34 ↑↑	13.47 ↓↓	20.48 ↑↑	1.797	1.722	1.642	1.581	1.565	1.546	1.518	↓	↓	1.6600 ↓↓	0.4775 ↑↑	
IOFC = \$/COW	PREV MO 8.97	13.90	18.80	2.944	2.793	2.693	2.620	2.536	2.479	2.370	↓	↓	2.9150 ↑↑	See Below	
YR AGO 9.54	9.54	7.32	9.76	2.214	2.054	2.065	2.120	2.109	2.083	2.027	↓	↓			
Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price				CME SPOT CHEESE: BARRELS 2.0500 / 40 LB BLOCKS 1.9750 ↓↓ / ↓↓											

*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							
*25.13(AUG)	26.65(JUN)	24.33(JUN)	25.83(JUN)	27.30(MAY) ↑↑	27.30(MAY)	PRODUCT	VALUE	MAKE ALLOW	NET	PROT	3.4173 ↓↓				
MONTH AGO						CHEESE	2.3498	0.2003	2.1495 ↓↓	B.FAT	3.3323 ↑↑				
25.87	25.87	25.21	24.99	27.10 4.08F	27.50 4.01F	BUTTER	2.9232	0.1715	2.7517 ↑↑	N.FAT	1.6313 ↑↑				
YEAR AGO						NFDM	1.8156	0.1678	1.6478 ↑↑	OTHER	0.4295 ↓↓				
16.90	16.66	17.21	16.35	19.10 3.94F	19.30 3.92F	DRYWHEY	0.6161	0.1991	0.4170 ↓↓						

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. July 20, 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 900-1400 lbs		BULLS (900+ lbs)					
1520				1300				1575				1300		1400		950		450		N/A		645		N/A		900LTD		1100	
WEEK AGO COMPARISON																													
1560				1690				1680				1360		1400		N/A		585		N/A		N/A		1020LTD		1260			
Avg. of prices reported by USDA Market News for PA Auction Markets July 14-19, 2022														FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)				CURRENT Beef X		WEEK AGO		YR AGO							
CULL MARKET COWS (\$/CWT LIVELWEIGHT)														Choice & Prime 1250-1550 lbs light test				126.35		131.00		90.00 ↓↓							
Premium White														BULL CALVES: No. 1 & 2, 90-130 lbs				110.00		260.00		150.00 250		100.00 ↓↓					
Breakers														70-85 lbs				100.00		200.00		130.00 230		65.00 ↓↓					
Boners																													
Lean																													
92.25 ↓↓																													
85.75 ↓↓																													
74.00 ↓↓																													
WEEK AGO																													
94.60																													
YEAR AGO																													
72.10																													
66.25																													
55.85																													

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