

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JULY 28, 2021 — except where noted



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JULY: The July 26, USDA Crop Progress report shows that the corn crop across the country is progressing on par with last year and, in general, on par with the five-year average: 79% of the U.S. corn crop is silking, which is the same as last year but slightly above the five-year average of 73%. Pennsylvania, because of a cooler climate than several of the other top corn producing states, has only 36% of its corn silked out. This is 11 percentage points less than last year and 20 percentage points less than the five-year average of 56%. Despite some extreme weather across the country, corn condition right now looks fairly good. The U.S. has 64% of its corn crop in the good or excellent category, 26% fair, and 10% poor or very poor. The Pennsylvania corn crop looks better, on average, than the national crop with 88% of the corn good or excellent, 11% fair, and 1% poor. No corn in the state was evaluated as very poor.

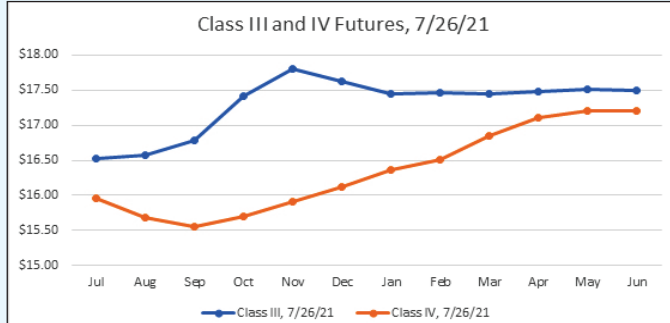
June milk production across the U.S. increased 2.9% year-over-year (YOY) to 18.96 billion pounds. This is the third month in a row that milk production has grown 2% YOY or more and the fourth month this year. Although dairy cow slaughter was up nearly 5% compared to last year, the U.S. dairy herd still grew 1.6% to 9.508 million head. The increase in total cow numbers, along with the increased milk production per cow (+1.3%), resulted in the growth reported for June. The average U.S. cow now produces 76.4 pounds of milk per day, one pound more than she did June 2020.

For the sixth month in a row, Pennsylvania was able to maintain a herd size of 475,000 head of dairy cows. Unfortunately, this is still 7,000 (-1.5%) head less than last year. Milk production in the Keystone State only rose 0.2 pounds (+0.3%) per day compared to last year and was not enough of an increase to overcome the smaller herd size. Pennsylvania milk production fell 1.2% YOY to 846 million pounds this past June.

Increased milk production and increasing dairy product stocks continue to negatively impact milk prices. For the third consecutive month, average Class III milk futures have fallen. As of July 26 closing prices, the 12-month average Class III price fell \$0.47 per cwt to \$17.30. For the second consecutive month,

average Class IV futures prices fell \$0.81 per cwt to \$16.35. One positive for dairy farmers in Northeast and Midwest Federal Orders, despite the recent decrease in milk prices, was that the producer price differentials (PPD) returned to positive territory. For the first time since March 2021, the Northeast PPD was positive at \$1.29 per cwt, and for the first time since December 2020, the Midwest PPD was positive at \$0.60 per cwt.

U.S. exports in May continued YOY growth. In April, record cheese exports resulted in a record volume of exports. In May, milk powders drove exports to almost the same record volume set in April to settle as the second highest month of milk solids volume exported on record. Exports of nonfat dry milk and skim milk powder led the charge, jumping 12% YOY to 88,729 metric tons and represents the most the U.S. has shipped in a single month. Most powder categories experienced YOY growth while cheese exports declined 13% YOY. The net result for the month of May was a 13% YOY milk solids volume increase to 217,394 metric tons. The value of these exports was estimated at nearly \$690 million or 18% more than May 2020.



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 28, 2021 AT THE CLOSE

	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	TREND
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: <i>July off 10 cents, Aug. up 25 cents, Sept 2021-June 2022 Dec down 10-40 cents</i>	16.54	16.61	16.66	17.25	17.73	17.65	17.40	17.35	17.40	17.48	17.51	17.50	12-Month Avg. 17.26 ↓↓
CLASS IV MILK FUTURES (\$/CWT) vs. week ago: <i>\$0.20-0.50 lower across the board (except current month steady)</i>	15.96	15.53	15.45	15.61	15.82	16.00	16.24	16.35	16.58	16.84	17.00	17.15	12-Month Avg. 16.21 ↓↓

HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED

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	18.19 05/21
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	14.71 03/20

MILK BASIS (\$/CWT) — PA BASIS & 2016-19 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)

PA	1.03	0.95	0.79	0.60	0.79	1.17	0.62	1.53	2.29	1.82	1.58	0.99
*AVG	1.31	1.15	0.67	0.74	1.38	0.85	1.67	2.55	2.15	1.66	1.45	1.25

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	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	*MAY-21
	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	*6.89

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)

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	MAY-21
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	*12.31

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)

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	MAY-21
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	*11.43

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium

16.50	0.02	16.50	0.32	16.50	0.68	17.00	0.81	17.75	1.00	17.50	0.99	17.25	0.96	17.25	1.02	17.50	1.11	17.50	1.11	17.50	1.09	17.50	1.13
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CORN (\$/BU) OPTIONS — CALLS

5.55	35.30	5.70	43.40	6.10	38.40	6.50	36.50	6.40	07.50	8.00	04.20	7.70	09.10	8.40	09.20
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CORN FUTURES (\$/BU)

SEP-21	DEC-21	MAR-22	MAY-22	JUL-22	SEP-22	DEC-22	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	TREND
5.566	5.606	5.612	5.122	4.964	5.034	5.072	5.094	4.716	4.624	4.724	4.242	↓↓

SOYMEAL FUTURES (\$/TON)

AUG-21	SEP-21	OCT-21	DEC-21	JAN-22	MAR-22	MAY-22	JUL-22	AUG-22	SEP-22	OCT-22	DEC-23	TREND
356.1	355.5	354.6	358.1	358.6	358.1	358.5	360.6	358.3	353.0	346.0	345.2	↓↓

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *MAY 2021

FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)
*MAY (estimated) 8.72 ↓↓	*8.57 ↑↑	*11.43 ↑↑
*PREV MO 8.74	7.77	*10.35
YR AVG 7.21	5.40	6.79

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 07/28/21

JUL	AUG	SEP	OCT	NOV	DEC	JAN	SPOT CASH	TREND
NFDM 1.253	1.240	1.231	1.245	1.256	1.273	1.283	1.2500	↑↑
WHEY 0.603	0.535	0.500	0.483	0.481	0.481	0.470	0.5300	↓↓
BUTTER 1.730	1.650	1.650	1.670	1.680	1.699	1.722	1.6400	↓↓
CHEESE 1.603	1.650	1.687	1.755	1.800	1.795	1.778	See Below	↓↓

ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)

*CL I ADV ↓↓	CL I IT ↑↑	CL III ↓↓	CL IV ↑↑	ALL-MILK-U.S.	ALL-MILK-PA
*16.90 (AUG)	16.66 (JUN)	17.21 (JUN)	16.35 (JUN)	19.20 (MAY) ↑↑	19.30 (MAY) ↑↑

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. July 14, 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)
1050	800	N/A	875	860	950

FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)

Choice & Prime 1250-1550 lbs light test	90.00	WEEK AGO	97.85	YR AGO	85.25
BULL CALVES: No. 1 & 2, 90-130 lbs	100.00	235.00	95.00	80.00	↑↑
70-85 lbs	65.00	200.00	75.00	55.00	↓↓