

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — AUG. 11, 2021 — except where noted

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**Exports through June:** Milk price has been extremely volatile over the last year and a half, making it very difficult across the Northeast for dairy farmers to know what they will be paid for their milk. One bright spot over that same period is exports. Without the volume of exports that have left U.S. borders since March 2020, milk price would have been even more unstable. Dairy export volume in 2020 set a record with nearly 2.1 million metric tons of milk solids equivalent products leaving the U.S. for another market. These exports were valued at nearly \$6.6 billion, the third highest value. So far, 2021 has picked up where 2020 ended.

Through the end of June 2021, exports are on pace to exceed 2020 volume and value. Dairy export volume increased 12.7% to 1.183 million metric tons (MT) compared to 1.049 million MT during the first half of 2020. The value of these exports was up 13.3% to nearly \$3.81 billion. Whereas, in 2020, it was \$3.36 billion. The top 4 dairy export categories include skim milk powder plus nonfat dry milk (SMP/NDM), dry whey, cheese, and lactose. These four categories currently account for 88% of the total export volume. Only one of these, lactose, experienced a decline compared to the first half of 2020. The U.S. exported 197,922 MT of lactose which was 1.0% less than last year's 199,996 MT. Exports of SMP/NDM were 469,644 (+14.9%), dry whey exports were 318,607 (+23.7%), and cheese exports were 197,037 (+2.3%) compared to first half 2020.

It is not known if this record pace can be maintained through the rest of the year, but optimism is there. The top three milk powder categories currently make up 83% of total exports. Changes in these categories affect export outcomes greater than shifts in other categories. With an abundance of milk forecasted for the rest of the year, there should be plenty of milk to manufacture powders for export. International dairy product prices are falling, and, the U.S. price is still generally below the

international price. Exports to China show signs of slowing down, but the return of exports to Mexico and increased exports to other areas, help offset reductions to China.

There are some things to watch out for as the year progresses that might hinder exports. There is still plenty of shipping congestion in U.S. ports, especially California ports, slowing the process of getting dairy products onto ships for final destinations. International prices are converging with U.S. prices, and in general, the U.S. dollar index has increased throughout the year. The U.S. dollar index is a comparison of the U.S. dollar to the weighted average of 6 international currencies of current trading partners. If U.S. dairy product prices rise above the international market price and the value of the dollar continues to increase relative to other currencies, it may discourage exports. Finally, COVID-19 is still causing concern in several countries, and further outbreaks could potentially affect their ability to purchase U.S. dairy products. Despite the potential uncertainties affecting the international market, it seems there are enough

positives for continued export market growth. If this occurs, it should provide an outlet to help clear our market and bolster milk prices.

January - June Dairy Exports (USDEC)			
	2020	2021	% Change from 2020
SMP/NDM (MT)	408,623	469,644	14.9%
Dry Whey Products (MT)	257,588	318,607	23.7%
Cheese (MT)	192,538	197,037	2.3%
Lactose (MT)	199,996	197,922	-1.0%
Total Export Value (Millions\$)	\$3,361.70	\$3,809.40	13.3%
Total Milk Solids (MT)	1,049,449	1,183,185	12.7%

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 — AUG. 11, 2021 AT THE CLOSE

	AUG-21	SEP-21	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	TREND				
<b>CLASS III MILK FUTURES (\$/CWT)</b> vs. wk ago: Aug. up \$0.10 remainder 2021 up \$0.70-1.00; 2022 contracts up \$0.15-0.50	16.14	17.24	17.50	17.97	17.92	17.45	17.53	17.46	17.55	17.53	17.52	17.55	↑↑				
<b>CLASS IV MILK FUTURES (\$/CWT)</b> vs. week ago: 2021 contracts \$0.10-0.30 higher; 2022 contracts mostly steady	15.55	15.92	16.01	16.12	16.18	16.41	16.54	16.69	16.85	16.90	16.95	17.06	↑↑				
HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED																	
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 18.25 05/21																	
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 14.62 03/20																	
<b>MILK BASIS (\$/CWT) — PA BASIS &amp; 2016-19 AVG OF PA/NY/VT/OH</b> — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA 0.95	0.79	0.60	0.79	1.17	0.62	1.53	2.29	1.82	1.58	0.99	1.03					
*AVG	1.15	0.67	0.74	1.38	0.85	1.67	2.55	2.15	1.66	1.45	1.25	1.31					
<b>DMC OFFICIAL GROSS MARGINS</b> per cwt. (USDA All-Milk, com/alfalfa hay & Illinois soybean prices, feed for all classes of dairy cattle on the farm)	DMC 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	*JUN-21		
	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	*6.24	↓↓	
<b>U.S. AVG MILK MARGIN</b> 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	↑↑
<b>PA AVG MILK MARGIN</b> 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																							
16.25	0.16	17.25	0.54	17.50	0.77	18.00	0.85	18.00	0.97	17.50	0.99	17.50	1.04	17.50	1.08	17.25	1.03	17.50	1.06	17.50	1.10	17.50	1.05
SEP-21		DEC-21		MAR-22		JUL-22		Example Daily Strike		SEP-21		OCT-21		DEC-21		MAR-22							
CORN (\$/BU) OPTIONS — CALLS														SOYMEAL (\$/TON) OPTIONS — CALLS									
5.10	47.70	5.60	34.20	5.70	41.50	5.70	53.30	Price / Premium	325	32.80	320	36.80	330	33.75	340	30.55							
5.90	06.10	6.70	07.60	7.70	05.40	8.00	07.50		370	03.00	395	02.15	430	02.80	450	03.70							

CORN FUTURES (\$/BU)													
5.492	5.532	5.610	5.656	5.666	5.296	5.174	5.236	5.272	5.290	4.840	4.740		↑↑
WEEK AGO													
5.456	5.466	5.550	5.600	5.610	5.214	5.060	5.126	5.164	5.186	4.770	4.664		
SOYMEAL FUTURES (\$/TON)													
360.3	357.5	356.0	359.5	359.9	359.0	359.2	360.7	357.2	350.8	343.2	342.1		Mixed
WEEK AGO													
353.1	351.5	350.6	354.0	354.9	355.5	356.5	359.1	357.9	354.6	348.8	348.3		

PA MILK MARGIN & IOFC-LATEST PSU VALUES — *MAY 2021				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 08/11/21												SPOT CASH TEND	
FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)		AUG	SEP	OCT	NOV	DEC	JAN	FEB			08/11/21		08/11/21		
*MAY (estimated) *8.72	*8.57	*11.43		NFDM	1.240	1.260	1.271	1.277	1.291	1.301	1.310	1.310	Mixed	1.2575	↑↑		
*PREV MO 8.74	7.77	*10.35		WHEY	0.546	0.500	0.480	0.474	0.471	0.472	0.472	0.472	↑↑	0.5200	↑↑		
YR AVG 7.21	5.40	6.79		BUTTER	1.650	1.685	1.709	1.725	1.730	1.726	1.750	1.750	↑↑	1.6800	↑↑		
				CHEESE	1.600	1.736	1.775	1.840	1.825	1.782	1.770	1.770	↑↑	See Below			
				CME SPOT CHEESE: BARRELS 1.4100 / 40 LB BLOCKS 1.7800 ↑↑ / ↑↑													

* = 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		JULY 1-31, 2021				JULY 2021							
16.90	16.83	16.49	16.00	18.40	19.10	PRODUCT	VALUE	MAKE	ALLOW	NET	COMPONENTS								
MONTH AGO						CHEESE	1.5956	0.2003	1.3953	↓↓	PROT	2.4957	↓↓						
YEAR AGO						BUTTER	1.7401	0.1715	1.5686	↓↓	B.FAT	1.8996	↓↓						
						NFDM	1.2552	0.1678	1.0874	↓↓	N.FAT	1.0765	↓↓						
						DRYWHEY	0.6050	0.1991	0.4059	↓↓	OTHER	0.4181	↓↓						

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. AUG. 3, 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)														
1100	900	1050	925	725	1075	N/A	N/A	N/A	N/A	700				
MONTH AGO COMPARISON														
1150	1015	930	875	N/A	960	ltd	340	N/A	600	910	1150			
FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT) CURRENT Beef X WEEK AGO YR AGO														
Choice & Prime 1250-1550 lbs light test 97.85 97.10 82.00 ↑↑														
BULL CALVES: No. 1 & 2, 90-130 lbs 75.00 275.00 85.00 95.00 ↓↓														
70-85 lbs 65.00 280.00 55.00 95.00 ↑↑														

Price averages do not include lower-end common

Average to high dressing

Premium White	Breakers	Boners	Lean
N/A	75.85	66.25	59.60
WEEK AGO			
N/A	73.35	68.00	61.00
YEAR AGO			
	66.50	65.10	60.60

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