CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — **AUG. 18, 2021** — except where noted

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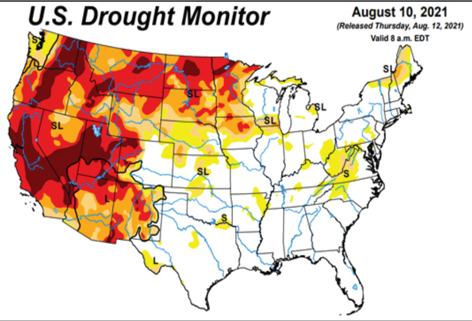
2021 Survey-Based Corn Yield: As we approach harvest season and have a better idea of what yields will look like, USDA starts estimating yields based on actual survey results. The Aug. 12 Crop Production report is the first estimate this year to use actual corn survey data to estimate yields. As with every year, different parts of the U.S. have had varying amounts of rainfall. The growing season in the West, High Plains and parts of the Midwest have been severely impacted by drought. According to the U.S. Drought Monitor on Aug. 12, over 98% of the West is experiencing some degree of drought, while 76% of the High Plains is dry, and 38% of the Midwest is under some degree of drought. In the Midwest, the western-most states are more severely impacted by drought than the eastern Midwest states. Drought is affecting nearly 99% of Minnesota and 76% of Iowa with other Midwestern states only locally affected.

Moisture availability in the Northeast, Southeast, and South are considerably better than the other regions. The Northeast was the most severely impacted of these three regions with 30% of the region experiencing some degree of drought. The states in the Northeast most affected by drought are the New England states and West Virginia. Only 12% of Pennsylvania is experiencing abnormally dry conditions. The main counties affected are Somerset County east to York County and Chester County north to Luzerne County.

With the top 13 corn-producing states located in the High Plains or the Midwest, drought conditions will likely impact corn yield this year. The Aug. 12 Crop Progress report estimated that despite the drought across much of the corn-producing states, total U.S. corn production is expected to reach 14.8 billion bushels, 4% more than last year. 2.5% more acres or about 84.5 million acres total were planted this year compared to 82.5 million acres last year. Total yield per acre is expected to increase by 1.5% compared to 2020 to 174.6 bu/A. However, if you separate the top 13 corn-producing states from the data, a slightly different trend is seen. Corn yield per acre in the top 13 states is projected to decline slightly by 0.3% or 1 bu/A. Production growth will be maintained by an increase of 1.8 million acres planted compared to last year.

The largest yield declines projected were in states more severely impacted by the current drought. Minnesota and South Dakota, the 4th and 7th largest corn producing states, are expected to produce 26 bushels (-14%) and 29 bushels (-18%) less per acre, respectively, than they did last year. Production losses in these states and others is partially being offset by record high yields in Midwestern states less impacted by drought. Illinois, Indiana, and Ohio, the 2nd, 5th, and 8th top corn-producing states, respectively, are currently projected to have record yields. Illinois is projected to produce 214 (+11%) bu/A, while Indiana is projected to produce 194 (+4%) bu/A, and Ohio, 193 bu/A (+13%). Pennsylvania, 16th highest corn-producing state, planted about 900,000 acres of corn, 100,000 less than 2020. About 57% of PA experienced drought last year compared to this year's 12.3%. As a result, corn yield across the Keystone State is projected to increase 26 bu/A (+19%) to 164. Despite the lower acreage, the increased yield is expected to improve total corn production by an additional 9.6 mil. bu. (+7%). 2021 corn production is projected to total 147.6 mil. bu. of corn compared to 138.0 mil. in 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 — AUG. 18, 2021 AT THE CLOSE

CLASS III MILK FUTURES ($/CWT) vs. wk ago: *Aug. up $0.05, remainder 2021 down $0.40-0.60; 2022 contracts down $0.10-0.20* **12-Month Avg. 17.26**↓↓

CLASS IV MILK FUTURES ($/CWT) vs. week ago: *2021 contracts $0.10-0.30 higher; 2022 contracts mostly steady* **12-Month Avg. 16.44**↑↑

	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
CLASS III	16.19	17.13	17.12	17.41	17.40	17.33	17.35	17.35	17.45	17.42	17.43	17.48	↑↑
CLASS IV	15.75	15.91	16.01	16.12	16.23	16.34	16.53	16.67	16.85	16.89	16.95	17.03	STEADY
HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED													
High	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	
Low	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	
MILK BASIS ($/CWT) — PA BASIS & 2016-19 AVG OF PA/NY/VT/OH — *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	

*AVG = Average basis for North-East and Mid-East

*MARGIN = Milk Price over Feed Cost per cwt. YELLOW = payment triggered

DMC OFFICIAL GROSS MARGINS *per cwt.(USDA All-Milk, corn/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	↓↓

U.S. AVG MILK MARGIN *per 100 lbs milk based on 75-lb herd avg & USDA's All-Milk price, USDA-reported corn & alfalfa hay & Ill. soybean prices (lactating feed only)*

PA AVG MILK MARGIN *per 100 lbs milk based on 75-lb herd average and USDA's PA All-Milk price, USDA corn & 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	
U.S. AVG	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	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

AUG-21	SEP-21	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22
16.25 0.09	**17.25** 0.52	**17.00** 0.69	**17.50** 0.94	**17.50** 1.05	**17.25** 0.96	**17.25** 0.98	**17.25** 0.96	**17.50** 1.08	**17.50** 1.10	**17.50** 1.14	**17.50** 1.09

Example Daily Strike Price / Premium

CORN ($/BU) OPTIONS — CALLS

SEP-21	DEC-21	MAR-22	JUL-22
5.10 47.70	**5.60** 34.20	**5.70** 41.50	**5.70** 53.30
5.90 06.10	**6.70** 07.60	**7.70** 05.40	**8.00** 07.50

SOYMEAL ($/TON) OPTIONS — CALLS

SEP-21	OCT-21	DEC-21	MAR-22
325 32.80	**320** 36.80	**330** 33.75	**340** 30.55
370 03.00	**395** 02.15	**430** 02.80	**450** 03.70

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
Current	5.616	5.650	5.722	5.766	5.760	5.282	5.156	5.224	5.262	5.282	4.902	4.806	Mixed
WEEK AGO	5.492	5.532	5.610	5.656	5.666	5.296	5.174	5.236	5.272	5.290	4.840	4.740	

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
Current	356.8	360.3	360.7	360.4	361.0	362.7	359.6	353.4	344.4	344.3	341.8	335.6	Mixed
WEEK AGO	360.3	357.5	356.0	359.5	359.9	359.0	359.2	360.7	357.2	350.8	343.2	342.1	

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

*=NEW

FEED = $/CWT.

IOFC = $/COW

	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 AGO	7.21	5.40	6.79

CME DAIRY CASH-SETTLED FUTURES ($/LB) 08/18/21

	AUG	SEP	OCT	NOV	DEC	JAN	FEB	TREND	SPOT CASH 08/18/21	TREND
NFDM	1.249	1.257	1.265	1.275	1.285	1.193	1.300	↓↓	1.2525	↓↓
WHEY	0.557	0.520	0.503	0.487	0.487	0.480	0.475	↑↑	0.5275	↑↑
BUTTER	1.690	1.707	1.715	1.722	1.733	1.744	1.740	↑↑	1.6850	↑↑
CHEESE	1.593	1.715	1.730	1.776	1.774	1.760	1.760	↓↓	See Below	

CME SPOT CHEESE: BARRELS 1.5125 / 40 LB BLOCKS 1.7600 ↑↑ / ↓↓

**USDA APR-21 NEW *

	ALL-MILK	BF	*MAILBOX
*FL	$20.60	3.61	$19.42
*MN	$20.00	4.26	$18.81
*WI	$18.80	4.01	$18.44
*N.ENG	$18.90	4.01	$18.18
*IA	$19.40	4.13	$18.09
*APP	$19.40	3.83	$17.69
*OH	$18.70	3.88	$17.58
*SE	$19.30	3.71	$17.57
*IL	$17.70	3.99	$17.53
*IN	$18.30	3.93	$17.53
*WA/OR	$19.50	4.05	$17.53
*NY	$18.30	3.98	$17.43
*CA	$18.50	3.90	$17.33
*PAwestern PA only			$17.32
*U.S.	$18.40	3.99	$17.23
*PAeast	$18.40	3.95	$17.20
*MO	N/A	N/A	$16.61
*MI	$17.20	3.88	$16.29
*TX	$17.70	4.22	$16.28
*NE/KS	$16.70	4.06	$15.93
*NM	$16.00	3.81	$15.15

ANNOUNCED FEDERAL ORDER PRICES ($/CWT)

*=NEW

	*CL I ADV↓↓	CL II↑↑	CL III↓↓	CL IV↑↑	ALL-MILK-U.S	ALL-MILK-PA
Current	*16.90(SEP)	16.83(JUL)	16.49(JUL)	16.00(JUL)	18.40(JUN)↓↓ 3.86F	19.10(JUN)↓↓ 3.85F
MONTH AGO	16.90	16.66	17.21	16.35	19.20	19.30
YEAR AGO	19.78	13.79	24.54	13.76	18.20	16.30

CURRENT FEDERAL ORDER VALUES ($/LB) * = *NEW

WEIGHTED AVG. 4-WK JULY 1-31, 2021

PRODUCT	VALUE	MAKE ALLOW	NET	
CHEESE	1.5956	0.2003	1.3953	↓↓
BUTTER	1.7401	0.1715	1.5686	↓↓
NFDM	1.2552	0.1678	1.0874	↓↓
DRYWHEY	0.6050	0.1991	0.4059	↓↓

JULY 2021 COMPONENTS		
PROT	2.4957	↓↓
B.FAT	1.8996	↓↓
N.FAT	1.0765	↓↓
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)
Current	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

Avg. of prices reported by USDA Market News for PA Auction Markets Aug. 12-17, 2021

CULL MARKET COWS ($/CWT LIVEWEIGHT

Price averages do not include lower-end 'common'

Average to high dressing

	Premium White	Breakers	Boners	Lean
Current	N/A	74.60↓↓	66.10↓↓	57.10↓↓
WEEK AGO	N/A	75.85	66.25	59.60
YEAR AGO		67.25	67.00	60.50

FED HOLSTEIN STEERS ($/CWT LIVEWEIGHT)

	CURRENT	Beef X	WEEK AGO	YR AGO	
Choice & Prime 1250-1550 lbs light test	99.85		97.85	82.00	↑↑
BULL CALVES: No. 1 & 2, 90-130 lbs	85.00	225.00	75.00	95.00	↑↑
70-85 lbs	65.00	200.00	65.00	95.00	Steady