

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — AUG. 24, 2022 — except where noted



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August: Milk production has been relatively stagnant this year. June production was originally reported as having year-over-year (YOY) growth of about 33 million pounds (+0.2%). After revised milk production and cow numbers were released this month, June milk production shrank by 12 million pounds (-0.1%) because of a smaller herd size than what was originally reported last month. The herd size for June was reduced by 7,000 to 9.415 million cows. July milk production followed previous months' trend of neither growing nor shrinking much compared to one year ago.

July U.S. milk production as reported by the most recent USDA Milk Production report grew a slight 0.2% (+43 million pounds) YOY. The milk production increase was a result of increased milk production per cow as the number of cows across the nation declined to 9.416 million head (-0.7%) compared to last July. The national herd size was 1,000 head larger in July than the revised June herd size. Total milk production was reported as 19.140 billion pounds which is equal to 2,033 pounds per cow per month, 19 pounds per cow more than last July. The average U.S. cow produced 75.4 pounds of milk per day during July, 0.7 pounds more than she did last year.

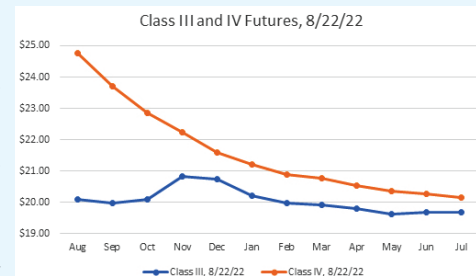
Pennsylvania was able to maintain its herd size of 467,000 head for the fifth month in a row. Unfortunately, this is still 8,000 less (-1.7%) than last year. Milk production per cow increased YOY by 10 pounds (+0.6%) per cow to 1,810 pounds per cow during July. The average Keystone dairy cow produced 67.1 pounds of milk per day, 0.4 pounds more than during July 2021. This was not enough of an increase in productivity to overcome the reduction in herd size, resulting in a decrease in total production. Total milk production across the state was 845 million pounds in July, representing a total decline of 10 million pounds (-1.2%) compared to last July.

Class III and IV milk prices have stabilized some since this time last month. On Aug. 22, the 12-month average Class III price was \$20.05 per cwt, up 6 cents compared to July 21 closing prices. The average Class IV price fell 13 cents from last month at \$21.61. Domestic demand is being challenged by higher food prices, with retail data showing that families are still buying dairy products but are buying less volume to potentially be better able to afford the

total grocery bill.

In general, U.S. dairy product prices are a discount to international prices. As a result, June dairy export volume grew 9% YOY to reach 217,327 metric tons (MT) of milk solids equivalent dairy products compared to June 2021. The most notable increases were cheese (+31%), whey (+23%), lactose (+22%), and butter (+63%). Skim milk/nonfat dry milk (SMP/NDM) powders were the only major category to experience YOY declines, with exports of these products falling by 14%. However, according to the USDEC, this is a supply issue, not a demand issue. With milk production flat, there is not an adequate supply of milk available to make enough SMP/NDM to meet demand.

On Sept. 14, 2022, the Center will host its 13th annual Dairy Financial and Risk Management Conference: "Adjusting the Lens." The future of dairy may look blurry, but all we need to do is bring our lens into focus. At this year's conference, learn how you and/or your dairy clients can create a clear vision for future profitability. Hear from a wide range of speakers covering topics such as 2022/2023 dairy market dynamics, crop production costs and feeding management considerations, and dairy financial and production performance indicators. Hear a panel of 3 Pa. dairy farmers discuss how they used outside consultants to help create and meet their dairy and family business goals. For information and to register, visit www.centerfordairyexcellence.org/financial-conference or call 717-346-0849.



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. 24, 2022 AT THE CLOSE

	AUG-22	SEP-22	OCT-22	NOV-22	DEC-22	JAN-23	FEB-23	MAR-23	APR-23	MAY-23	JUN-23	JUL-23	TREND		
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: <i>Aug-Nov22 down mostly \$0.10-0.25, spots \$0.40 lower, Dec22-Jul23 up \$0.10-0.25</i>	20.08	20.20	20.65	21.46	21.46	20.71	20.50	20.30	20.25	20.12	20.12	20.15	12-Month Avg. 20.50 ↑↑		
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: <i>Aug22 up \$0.20, rest of board surges \$0.50-1.00 higher</i>	24.80	24.01	23.54	22.97	22.36	21.71	21.38	20.14	21.15	21.10	21.61	20.57	12-Month Avg. 22.11 ↑↑		
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 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	20.00 0.01	20.00 0.40	20.25 0.77	21.25 1.05	21.00 1.17	20.50 1.17	20.50 1.35	20.25 1.36	20.25 1.42	20.25 1.54	20.25 1.58	20.25 1.63			
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 & Ill. soybean, feed for ALL CLASSES of dairy cattle on farm) Updated with NEW prem. alfalfa feed cost															
DMC 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	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	*11.92 ↓↓

U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report															
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	*JUL-22
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	*312.50 ↓↓
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report															
1012	1005	1042	1003	1065	993	1018	1062	1152	1151	1237	1253	1390	1278	1184	*1350 ↑↑

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
6.656	6.572	6.626	6.630	6.584	6.194	6.100	6.172	6.202	6.186	5.684	5.574		↑↑
WEEK AGO													
6.150	6.120	6.192	6.222	6.206	5.884	5.804	5.880	5.914	5.902	5.474	5.380		

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
467.7	432.8	429.3	424.9	415.7	411.2	409.8	405.2	398.5	390.0	389.2	387.0		↑↑
WEEK AGO													
440.6	405.8	400.6	397.4	391.0	388.1	387.9	384.5	380.0	374.0	373.9	372.7		

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - *JUNE 2022				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 08/24/22										SPOT CASH TREND	
FEED =	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	AUG	SEP	OCT	NOV	DEC	JAN23	FEB23	08/24/22	08/24/22	TREND		
*JUNE (estimated)	*9.07 ↓↓	*13.98 ↑↑	*20.78 ↑↑	1.671	1.560	1.521	1.522	1.525	1.520	1.531	1.540	1.540	↑↑		
IOFC =	PREV MO	YR AGO	3.94F	0.515	0.470	0.462	0.460	0.465	0.452	0.452	MIXED	0.4600	↑↑		
PREV MO	9.34	13.47	20.48	3.000	3.031	2.970	2.845	2.730	2.600	2.500	↑↑	3.0000	↑↑		
YR AGO	8.90	7.65	10.20	1.975	1.9760	2.030	2.080	2.112	2.070	2.056	↓↓	See Below	↓↓		
<i>Covers ONLY lactating feed, based on 75 lb herd avg, Buff., NY soy price</i>				CME SPOT CHEESE: BARRELS 1.8750 / 40 LB BLOCKS 1.7600 ↓↓ / ↓↓											

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)										*CURRENT FEDERAL ORDER VALUES (\$/LB) *NEW				
*CL I ADV ↓↓	CL III ↑↑	CL III ↓↓	CL IV ↓↓	ALL-MILK-U.S.	ALL-MILK-PA	WEIGHTED AVG. 4-WK JUNE 28-JULY 30, 2022					JULY 2022 COMPONENTS			
*23.62(SEP)	26.66(JUL)	22.52(JUL)	25.79(JUL)	26.90(JUN) ↓↓	27.70(JUN) ↑↑	PRODUCT	VALUE	MAKE ALLOW	NET	PROT	2.9116 ↓↓			
MONTH AGO						CHEESE	2.2019	0.2003	2.0016	↓↓	B.FAT	3.3600 ↑↑		
25.13	26.65	24.33	25.83	27.30	27.30 4.01F	BUTTER	2.9461	0.1715	2.7746	↑↑	N.FAT	1.6161 ↓↓		
YEAR AGO						NFDM	1.8001	0.1678	1.6323	↓↓	OTHER	0.3596 ↓↓		
16.90	16.83	16.49	16.00	18.40 3.94F	19.10 3.92F	DRYWHEY	0.5482	0.1991	0.3491	↓↓				

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. Aug. 24, 2022 sale New Holland, PA) *RECEIPTS 98% COWS, NO TEST ON HEIFERS												
COWS: Fresh	Bred	Springing	*HEIFERS: Bred	Springing	Beef x	Open:	300-600 lbs	Beef X	600-900 lbs	Beef X	900-1300 lbs	BULLS (900+ lbs)
1550	1525	1633	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
WEEK AGO COMPARISON												
1645	1720	1800	1385	1495 LTD	1525	575	500	775	775	950	1300	

FED HOLSTEIN STEERS (\$/CWT LIVELINE)				CURRENT Beef X WEEK AGO YR AGO			
Choice & Prime	1250-1550 lbs light test	116.00		132.10 LTD	90.35	↓↓	
BULL CALVES:	No. 1 & 2, 90-130 lbs	95.00	280.00	140.00 250	85.00	↓↓	
	70-85 lbs	85.00	N/A	140.00 280	75.00	↑↑	

brought to you by:

Average to high dressing

	Premium White	Breakers	Boners	Lean
	91.00 ↑↑	83.85 ↑↑	73.85 ↑↑	
	WEEK AGO			
	N/A	86.60	82.75	72.35
	YEAR AGO			
	N/A	71.10	61.10	56.85