CDE DAIRY MARKE IANAGEMENT UPDATE All prices -SEPT. 8,202 except where noted Dairy Product Production: Milk production has grown tremendously Cheese production growth is ZACH MYERS this year. Every month through July has experienced year-over-year (YOY **Risk Education** putting downward pressure on

growth. Through July, 3.41 billion more pounds of milk have been produced on U.S. dairy farms compared to 2020 after adjusting for 2020 leap year. This is a 2.6% increase in milk production compared to the first 7 months of 2020. Looking back at the last 10 years, YOY milk production growth has increased an average of 1.4%. However, summer heat and drought conditions in much of the dairy producing parts of the country seem to have slowed production growth for now. In May, during the height of the spring flush, YOY growth reached 4.6%, followed by 2.9% growth in June, and slowing in July at 2.1%. With what seems to be an abundant supply of milk, where is it going?

Balancing products like butter and nonfat dry milk outgained cheese production in June to balance the market. However, production shifted to cheese in July. Total natural cheese production increased 3.5% YOY in July, while nonfat dry milk (NDM) production fell 5.3% YOY, and butter production fell nearly 1% YOY when NDM and butter were up 30.6% and 7.6% respectively in June. Cheese growth gains in American and Italian varieties were recorded in July. American-style cheese production increased 2.3% YOY to 463.6 million pounds. Surprisingly, cheddar cheese production was down 0.3% compared to last July, while other American types drove the American-style category growth by increasing 8.9% YOY.

After decreasing YOY for 2 months in a row, July Italian-style cheeses gained 6.5% to 484.4 million pounds. Mozzarella accounted for 78% of the Italian-style cheese production in July, up 3.5% YOY to 377.7 million pounds. Parmesan, the second largest category at 9% of total production, was up 42% YOY to 42.53 million pounds in July. Provolone, the third largest Italian-style category, increased 7.7% to 34.30 million pounds. Ricotta, the fourth largest category, was the only Italian-style cheese to have a YOY decrease. 16.6 million pounds of ricotta cheese was produced in July, down 10.4% YOY drop in production. Romano and "other Italian types" make up the rest of the category and were up a combined 36% to 13.24 million pounds. Prices change daily. This market information is an example for educational purpos s. The market data below are compiled weekly by Farmshine, via CME & USDA reports

17.61

16.70

17.60

71.10

67.00

YEAR AGO

66.25

62.25

58.75

N/A

CME DAILY FUTURES & OPTIONS TRADING -

17.36

17.40

17.45

SEP-21 OCT-21 NOV-21 DEC-21 JAN-22 FEB-22 MAR-22 APR-22

17.70

CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Sept. down \$0.03, remainder steady to 60 cents high

Class III milk prices, but domestic and international demand remain strong. The U.S. cheese price is below most internation-





al prices, and the value of the dollar is weaker compared to some trading partners' currencies, making U.S. products more attractive in world markets.

On Tues., Sept. 14 from 12:30 to 1:30 p.m., the Center for Dairy Excellence is hosting a Dairy Industry Conference Call to answer questions about the latest round of relief payments announced by USDA as part of the Pandemic Market Volatility Assistance Program (PMVAP) and changes to the Dairy Margin Coverage (DMC) program. Jayne Sebright, Executive Director of the Center, will be facilitating a panel of speakers consisting of Paul Bleiberg, Senior Vice President, Government Affairs, National Milk Producers Federation (NMPF), Cynthia Walters, Pennsylvania Dairy Program Director, USDA and me, Zach Myers, Risk Education Manager for the Center. Mr. Bleiberg will be discussing and answering your questions about PMVAP, Ms. Walters will be discussing and answering questions about the recent changes to the DMC program, and I will be providing data as to how the DMC program has benefitted dairy farmers so far this year. You can send questions in advance of or during the call by emailing me (zmyers@centerfordairyexcellence.

org), or by texting/ calling 717-585-0766. You can connect to the conference call by dialing toll free: 978 990-5000 and then entering the Access 553371. Code: followed by the # sign, when prompted.

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17.53

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Center for Dairy Excellence Dairy				
Industry Conference Call				
When: Tuesday, September 14, 2021, from 12:30				
to 1:30 p.m. (EST) Topics:				
Pandemic Market Volatility Assistance Program's				
Dairy Relief Payments				
Dairy Margin Coverage Changes and Benefits				
Dial Toll Free: (978) 990-5000				
Enter Access Code: 553371#, when				
prompted				
021 AT THE CLOSE				
1AY-22	JUN-22	JUL-22	AUG-22	TREND
her, esp. Oct-Dec 2021 12-Month Avg. 17.43				
17.60	17.62	17.72	17.78	MIXED
12-Month Avg. 17.23				
17.48	17.50	17.50	17.45	STEADY
RACT & MONTH / YEAR IT OCCURRED				
			/21 17.95 05/2	
14.75 03/20 14.71 03/20 14.62 03/20 14.69 03/20 /IDUAL BASIS WILL VARY (MAILBOX - CLASS 3)				
	ASIS WILL			LASS 3)

pennsylvania

*AVG = **CLASS IV MILK FUTURES (\$/** CWT) vs. week ago: \$0.20-0.40 higher across the board Average 17.35 16.40 16.83 17.05 17.21 17.25 17.35 17.45 basis for HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONT North-19.29 05/21 14.19 03/20 18.95 05/21 18.42 04/21 18.21 05/21 18.16 05/21 14.50 03/20 14.25 03/20 14.70 03/20 14.85 03/20 20.04 05/21 19.97 05/21 19.66 05/21 East and 14 50 03/20 14 50 03/20 14 21 03/20 Mid-East
 MILK BASIS (\$/CWT)
 PA BASIS & 2016-19 AVG OF PA/NY/VT/OH

 PA
 0.79
 0.60
 0.79
 1.17
 0.62
 1.53
 2.29
YOUR INDIV *MARGIN **Ò.60** 0.79 PA 0.79 0.62 1.82 1.58 0.99 1.03 0.95 = Milk 1.38 2.55 0 74 0.85 1.67 2.15 *AVG 0.67 1.66 1 4 5 1 25 1.15 Price 1.31 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) over Feed JAN-21 FEB-21 MAR-21 APR 7.14 6.22 6.46 6.9 DMC MAY-20 JUNE-20 JULY-20 AUG-20 SEP-20 OCT-20 NOV-20 DEC 20 21 MAY-21 JUN-21 *JUL-21 8 78 5 37 9 40 6 94 Ш Cost 9 99 12.41 10.83 11.13 11.87 6.89 6 24 *5.68 per cwt 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 & III. soybean prices (lactating feed only) . YELLOW 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 **JUN-21** = 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 11.31 *11.53 *10.77 11 payment 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) triggered *9.76 9.44 10.91 10.53 8.27 6.79 12.67 11.10 11.31 12.36 8.56 8.15 9.37 *10.20 11.24 CLASS III MILK (\$/CWT) OPTIONS - PUTS - Daily Strike Price / Premium 16.75 0.15 17.50 0.57 17.50 0.72 17.75 0.92 17.25 0.88 17.50 0.99 17.50 1.00 17.50 1.00 17.50 0.99 17.50 1.01 17.75 1.14 17.75 1.12 DEC-21 **SEP-21 DEC-21 MAR-22 JUL-22 SEP-21 0CT-21 MAR-22** Example CORN (\$/BU) OPTIONS -CALLS **Daily Strike** SOYMEAL (\$/TON) OPTIONS CALLS **310** 46.30 5.15 36.30 5.50 31.60 5.60 40.00 5.60 51.40 Price / Premium **310** 42.35 315 35.35 **310** 43.70 5.70 04.00 7.00 03.00 7.70 03.60 8.30 04.70 **350** 03.55 **350** 07.20 375 06.30 **410** 04.90 CORN FUTURES (\$/BU) TREND SEP-21 DEC-21 **MAR-22 MAY-22** JUL-22 SEP-22 DEC-22 **MAR-23 MAY-23** JUL-23 SEP-23 DEC-23 4 986 Ш 5.264 5.094 4 802 4.984 5.102 5.196 5.260 4.972 5.040 5.074 4.684 WEEK AGO 5.154 5.226 5.316 5.372 5.376 5.124 5.036 5.104 5.132 5.142 4.852 4.736 SOYMEAL FUTURES (\$/TON) SEP-21 **OCT-21** DEC-21 JAN-22 **MAR-22 MAY-22 JUL-22** AUG-22 SEP-22 0CT-22 DEC-23 TREND 337.4 334.9 337.8 339.6 343.1 346.6 350.4 350.6 348.6 343.8 344.4 343.4 Ш WEEK AGO 343.7 340.8 343.5 344.7 347.2 350.0 352.8 352.5 350.4 346.1 347.1 345.2 CME DAIRY CASH-SETTLED FUTURES (\$/LB) 09/08 SPOT CASH TREND PA MILK MARGIN & IOFC-LATEST PSU VALUES -*JUNE 2021 /21 *=NEW MAR FEED COST PA MILK MARGIN SEP ост NOV DEC JAN FEB 09/08/21 IOFC (\$/COW FEED NFDM 1.290 1.339 1.356 1.369 1.372 1.372 1.375 1.3575 (\$/CWT milk) @ 75 lbs milk) (\$/CWT milk) \$/CWT WHEY 0.532 0.515 0.499 0.485 0.480 0.475 0.477 11 0.5175 **1** *7.65↓ *10.20¹¹ JUN(estimated) ***8.90**↓ BUTTER 1.765 1.780 1.792 1.802 1.789 1.792 1.820 1.7850 11 IOFC = *PREV MO * 9.76 9.54 7.32 1.658 1.758 1.777 1.785 1.760 1.761 1.770 11 See Below CME SPOT CHEESE: BARRELS 1.4700 / 40 LB BLOCKS 1.7525 11 / 11 \$/COW CHEESE 7.25 YR AGO 9.48 12.65 USDA MAY-21 NEW ALL-MILK BF * MAILBO ANNOUNCED FEDERAL ORDER PRICES (\$/CWT) * = * NEW * = NEW CURRENT FEDERAL ORDER VALUES (\$/LB) FL \$21.50 MN \$20.20 WI \$19.70 N.ENG \$19.70 CL I ADV↓↓ *CL II↓↓ *CL III↓↓ *CL IV↓↓ *ALL-MILK-U.S *ALL-MILK-PA WEIGHTED AVG. 4-WK AUG. 1 - 26, 2021 *AUG. 2021 16.90(SEP) *16.51(AUG) *15.95(AUG) *15.92(AUG) *17.90(JUN) ↓↓ *18.50(JUN) ↓↓ PRODUCT VALUE MAKE ALLOW NET **COMPONENTS** \$19.70 \$20.40 \$20.40 \$19.50 \$18.50 \$20.50 \$19.10 estern PA \$18.83 3.81F CHEESE 1.5680 0.2003 1.3977 * PROT 2.4582 Ħ MONTH AGO \$18.60 \$18.58 \$18.49 1.6998 0.1715 1.5283 🔱 *B.FAT 1.8508 Ħ *BUTTER 16.90 16.83 16.49 16.00 18.40 19.10 NFDM 1.2660 0.1678 1.0982 11 *N.FAT 1.0872 11 YEAR AGO *DRYWHEY 0.5617 0.1991 0.3626 * OTHER 0.3735 μ 13.27 19.77 12.53 20.60 19.30 19.78 NY \$19.00 U.S. \$19.20 CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. SEP. 8, 2021 sale New Holland, PA) \$19.30 t\$19.30 99 Open: 300-600 lbs Beef X 600-900 lbs 900-1000 lbs BULLS(1100-1300 lb) COWS: Fresh Bred Springing HEIFERS: Bred Springing \$18.10 3.84 N/A N/A Beef x PAea MI MO TX 800 N/A 925 425 850 975 750LTD 1025 N/A 675 1125 N/A \$18.60 AGO COMPARISON MONTH 1050 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 Sep. 2-7, 2021 CULL MARKET COWS (\$/CWT LIVEWEIGHT CURRENT Beef X FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT) WFFK AGO YR AGO Price averages do not include lower-end 'common' Ш Choice & Prime 1250-1550 lbs light test 107.10 108 35 85 00 BULL CALVES: No. 1 & 2, 90-130 lbs 96.00 220.00 92 00 110 00 11 **Breakers** Premium White Boners Lean 70-85 lbs 77.00 225.00 75.00 95.00 11 71.6011 65.0011 55.5011 N/A Average to high dressing brought to you by. WEEK AGO 72.10

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