

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — OCT. 5, 2021 — except where noted

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2020 Per Capita Milk Consumption: At the end of August, the USDA released data relative to fluid milk sales. The results from that data were relatively positive with fluid milk sales basically flat compared to 2019. The take home message was that whole milk and 2% reduced fat milk sales nearly offset losses in skim, low fat, and flavored milks. No doubt the shift from food service to retail helped higher fat fluid milk products, but how did it affect the rest of the dairy category? The USDA released per capita consumption data on Sept. 30, and for the 3rd year in a row, Americans ate more dairy than the previous year.

Per capita consumption is the total pounds of milk used domestically during the year divided by the U.S. population. This allows a comparison over time of the weight of dairy products consumed per person in the U.S. Per capita consumption increased 3 pounds per person in 2020 compared to 2019 to 655 of milk-fat milk-equivalent pounds of dairy products. This represents a slight increase of 0.5% across all categories. Dairy products are divided into seven major categories: fluid beverage milk, cheese, butter, dry products, frozen products, yogurt other than frozen, and evaporated and condensed products. Cheese, dry products, frozen products, and evaporated and condensed categories are subdivided into further categories.

With fluid milk sales basically flat over the last year, it makes sense that fluid beverage milk consumption was also flat. U.S. citizens consumed 141 pounds of milk each in 2020, the same amount as they did in 2019. Milk is about 8.5 pounds per gallon, so this is equivalent to about 16.6 gallons per person. Although it is good news that fluid milk consumption was flat in 2020 rather than continuing its decades-long decline, this is still 43% less than the 247 pounds, or 29 gallons, each person drank in 1975.

Cheese consumption was relatively flat, declining a slight 0.5% during 2020 compared to 2019. The average person ate 40.2 pounds of cheese last year, 0.2 pounds less than 2019. With food service drastically hampered by COVID-19, there is no doubt that cheese consumption was hampered as well. Luckily, increased retail sales helped to balance out the food service losses and kept sales from experiencing sharper declines. American type cheese con-

sumption increased 0.6% to partially offset a reduction of 1.2% in other-than-American and cottage cheese. Since 1975, cheese consumption has experienced tremendous growth increasing from 18.9 total pounds to 40.2 (+113%) pounds per person in 2020.

Higher fat product consumption helped keep 2020 consumption from falling compared to 2019. Regular ice cream consumption rose nearly half a pound (+3.3%) to 12.7 pounds per person compared to 2019 to keep the consumption of the frozen category even at 22.6 pounds per person in 2019 and 2020. Unfortunately, people are eating less ice cream than they did in 1975. In 46 years, ice cream consumption has dropped 30%. Restaurants are a huge user of butter. Despite reduced food service butter usage, retail sales helped to grow per capita butter consumption in 2020. The average person in the U.S. ate 6.3 pounds (+1.6%) of butter in 2020.

The deadline to apply for a Dairy Excellence Grant is one week away on Oct. 15. The Grant is for Pennsylvania dairy farmers and will match up to \$5,000 for projects that improve farm efficiency, cow comfort, milking facilities, housing facilities, or feeding systems. Projects include, but are not limited to, fans or sprinkler systems, curtains or other ventilation improvements, mattresses, construction to move to deep bedded stalls, variable speed pulsation, or even cow brushes or foot bath installation. If you applied for a Dairy Excellence Grant this past spring and did not receive one, you can have your grant application reconsidered during this round. To apply, visit www.centerfordairyexcellence.org/dairy-excellence-grants/ or call Melissa Anderson at (717) 636-0779.

Per Capita Dairy Consumption (pounds)

	Fluid Beverage Milk	Total Cheese	Butter	Dry Products	Frozen Products	Yogurt, Other Than Frozen	Evaporated and Condensed Milk	All Products, Milk-fat Milk-equivalent basis
2020	141	40.2	6.3	5.2	22.6	13.8	6.6	655
% Change from 2019	0.0%	-0.4%	2.3%	-14.7%	-0.4%	3.0%	-0.2%	0.5%
% Change from 1975	-42.9%	113.3%	33.2%	-10.4%	-18.8%	590.0%	-23.7%	21.5%

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 — OCT. 5, 2021 AT THE CLOSE

	OCT-21	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	TREND				
CLASS III MILK FUTURES (\$/CWT) vs. week ago: \$0.20-0.60 higher, with Oct-Nov sharply higher	18.15	18.59	18.19	17.86	17.90	17.91	17.90	17.95	18.05	18.09	18.10	18.15	12-Month Avg. 18.07↑↑				
CLASS IV MILK FUTURES (\$/CWT) vs. week ago: steady to 20 cents higher	16.86	17.31	17.48	17.37	17.31	17.53	17.59	17.64	17.65	17.64	17.70	17.68	12-Month Avg. 17.48↑↑				
HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED																	
	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	17.95 05/21	17.98 09/21					
	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	14.71 03/20	14.71 03/20	14.62 03/20	14.69 03/20	14.92 03/21					
MILK BASIS (\$/CWT) — PA BASIS & 2019-20 AVG OF PA / NY / VT / ORG — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA 0.60	0.79	1.17	0.62	1.53	2.29	1.82	1.58	0.99	1.03	0.95	0.79					
*AVG	0.74	1.38	0.85	1.67	2.55	2.15	1.66	1.45	1.25	1.31	1.15	0.67					
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	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	*AUG-21	TREND		
	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	5.68	*5.25 ↓↓		
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)																	
	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	JUL-21	TREND
	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	*10.09	↓↓
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)																	
	8.27	6.79	9.44	12.67	11.10	10.91	11.31	12.36	10.53	8.56	8.15	9.24	9.37	9.76	*10.20	*9.79	↓↓

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium													
DEC-21	MAR-22	JUL-22	Example Daily Strike Price / Premium		OCT-21	DEC-21	MAR-22						
18.00 0.07	18.75 0.70	18.25 0.85	17.75 0.86	18.00 1.00	18.00 1.01	18.00 1.08	18.00 1.09	18.00 1.08	18.00 1.10	18.00 1.10	18.00 1.10	18.00 1.10	18.25 1.22
CORN (\$/BU) OPTIONS — CALLS													
5.20 30.40	5.40 33.20	5.60 37.00			305 30.95	305 35.60	320 30.50						
6.50 02.70	7.50 02.50	7.70 04.70			335 03.85	360 04.40	390 04.55						

CORN FUTURES (\$/BU)													
DEC-21	MAR-22	MAY-22	JUL-22	SEP-22	DEC-22	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	JUL-24	TREND	
5.322	5.410	5.462	5.466	5.310	5.280	5.340	4.964	4.872	4.956	4.524	4.772	MIXED	
WEEK AGO													
5.390	5.470	5.516	5.514	5.256	5.200	5.266	5.296	5.310	4.896	4.780	4.872		
SOYMEAL FUTURES (\$/TON)													
OCT-21	DEC-21	JAN-22	MAR-22	MAY-22	JUL-22	AUG-22	SEP-22	OCT-22	DEC-22	JAN-23	MAR-23	TREND	
321.6	322.7	324.6	328.2	332.5	336.8	337.5	337.7	336.6	338.2	338.1	335.2	↓↓	
WEEK AGO													
338.1	341.2	343.6	345.5	348.5	351.4	351.3	349.6	345.3	345.8	345.1	340.1		

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *JULY 2021				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 10/05/21								SPOT CASH TEND	
FEED = \$/CWT	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	OCT	NOV	DEC	JAN	FEB	MAR	APR	10/05/21	10/05/21	TREND
*JUL (estimated)	9.23↑↑	7.34↓↓	9.79↓↓	NFDM	1.354	1.404	1.420	1.420	1.415	1.412	1.410	↑↑	1.4200 ↑↑
*PREV MO	8.90	7.65	*10.20	WHEY	0.550	0.562	0.563	0.555	0.547	0.545	0.535	↑↑	0.5925 ↑↑
YR AGO	6.63	9.48	12.67	BUTTER	1.735	1.753	1.760	1.730	1.731	1.802	1.817	↑↑	1.6975 ↓↓
				CHEESE	1.801	1.841	1.799	1.769	1.771	1.780	1.783	↑↑	See Below

CME SPOT CHEESE: BARRELS 1.7875 / 40 LB BLOCKS 1.8075 ↑↑ / ↑↑														
*USDA MAY-21 NEW * ALL-MILK BF MAILBOX														
CL I ADV↑↑	*CL II↑↑	*CL III↑↑	*CL IV↑↑	*ALL-MILK-U.S.	*ALL-MILK-PA	CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW								
17.08(OCT)	*16.89(SEP)	*16.53(SEP)	*16.36(SEP)	*17.70(AUG) ↓↓	*18.40(AUG) ↓↓	WEIGHTED AVG. 4-WK	*SEPT. 1 - 25, 2021							*SEPT. 2021 COMPONENTS
16.90	16.51	15.95	15.92	17.90	18.50	*CHEESE	1.6411	0.2003	1.4408	↑↑	*PROT	2.6010	↑↑	
15.20	13.16	16.43	12.75	18.60	18.60	*BUTTER	1.7725	0.1715	1.6010	↑↑	*B.FAT	1.9388	↑↑	
						*NFDM	1.2816	0.1678	1.1138	↑↑	*N.FAT	1.1027	↑↑	
						*DRYWHEY	0.5336	0.1991	0.3345	↓↓	*OTHER	0.3445	↓↓	

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. SEP. 23, 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)	
950	900	1000	900	N/A	1000	450	N/A	650	N/A	900					
975	1025	800	N/A	925	425	N/A	675	850	1125						

PAUCTION MARKETS SEP. 23-28, 2021				FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)				BULL CALVES: No. 1 & 2, 90-130 lbs			
Premium White	Breakers	Boners	Lean	Choice & Prime 1250-1550 lbs light test	70-85 lbs	100-150 lbs	170-200 lbs	WEEK AGO	YR AGO		
N/A	73.35↑↑	65.60↓↓	56.85↑↑	108.50	105.00	175.00	100.00	107.85	84.85	↑↑	
TWO WEEKS AGO				105.00				105.00			
YEAR AGO				100.00				100.00			
62.75				60.75				54.60			

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