

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — NOV. 3, 2020 — except where noted

ZACH MYERS
Risk Education Manager
336-468-0726
zmyers@centerfordairyexcellence.org



Crop Production and Progress: Weather is unpredictable from year-to-year. In my limited travel this year, I did not see as much of Pennsylvania compared to last year, but in southcentral Pennsylvania, most corn and soybean fields looked good. However, it was obvious that there were drought conditions in some of the western and northern parts of the state this summer. Across much of the U.S. this year, weather conditions were conducive for a good growing season, which shows in USDA's latest Crop Production report.

The October report predicted record yields for both corn and soybeans this year. U.S. corn yield is estimated to be 178.4 bu/A. Corn production from 82.5 million acres harvested is expected to reach 14.7 billion bushels. This represents an additional 1.1 billion bushels of corn production with 1.2 million more acres harvested compared to 2019. Pennsylvania corn yield is expected to be below the national average at 157 bu/A. However, Pennsylvania yield is estimated to be 4 bu/A more than 2019. At 157 million bushels of total corn production, state production is down 518,000 bushels compared to 162 million bushels in 2019. Less corn acreage is expected to be harvested this year, resulting in lower total production. About 1 million acres of corn are expected to be harvested in the Keystone State this year, 60,000 less than last year.

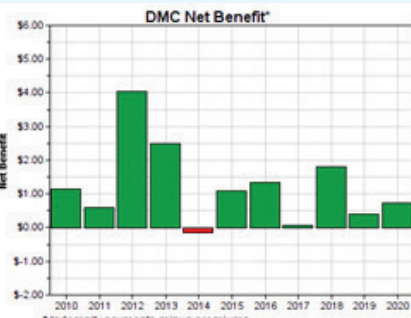
At an estimated 51.9 bu/A, U.S. soybean yield is also expected to be a record and is 4.5 bu/A more than 2019. A total of 4.3 billion bushels of soybeans are expected from an estimated 82.3 million acres harvested. Soybean yield is up 4.5 bu/A compared to last year, and total production is expected to be up 716 million bushels from 7.4 million additional acres harvested. Pennsylvania soybean yield falls short of the national average as well. At an estimated 49 bu/A, soybean yield is expected to be the same as 2019. However, total production is expected to be down 245,000 bushels to 29.6 million from an expected 5,000 acres less harvested than last year (605,000).

The latest USDA Crop Progress report released on November 2 shows that the 2020 national corn and soybean harvest is ahead of schedule. Corn har-

vest across the country is 82% complete and soybean harvest is 87% complete compared to the five-year averages of 69% and 83%, respectively. The corn harvest in Pennsylvania is on schedule compared to the 5-year average. The state's corn harvest is 58% complete compared to the 61% 5-year average for the last week of October. Pennsylvania is not one of the top 18 soybean producing states, so it is not included in this report.

The USDA has released an updated DMC Decision Tool for 2021 Dairy Margin Coverage (DMC). This tool can be found at www.dairymarkets.org/dmc/. Instead of listing projected margins, the new tool allows users to examine what U.S. all-milk price floor would be set by each margin coverage by comparing projected DMC feed costs to each DMC margin. Based on Nov. 2 closing prices, the average 2021 DMC feed cost is projected to be \$9.48 per cwt. Adding the average feed cost to the maximum margin coverage of \$9.50 per cwt yields a projected U.S. all-milk price floor of \$18.98 per cwt for 2021.

The U.S. all-milk price is not traded on the CME. The average difference between the U.S. all-milk price and Class III since Jan. 2018 is \$1.24 per cwt. Subtracting this difference from the all-milk price gives a Class III reference floor of \$17.74 for next year that can be compared to 2021 Class III milk futures. 2021 DMC enrollment can be completed at your local FSA through December 11, 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 — NOV. 3, 2020 AT THE CLOSE

	NOV-20	DEC-20	JAN-21	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	AUG-21	SEP-21	OCT-21	TREND					
CLASS III MILK FUTURES (\$/CWT) mixed vs. week ago: Nov. \$1 higher; Dec. steady; 2021 fully 10cents lower, except March 10 cents higher.																	
	23.86	20.22	17.99	16.84	16.55	16.35	16.35	16.41	16.53	16.57	16.60	16.62 MIXED					
CLASS IV MILK FUTURES (\$/CWT) mixed vs. week ago: steady to 10 cents higher Nov. 2020 through June 2021; 25-75 cents lower July-Oct. 2021																	
	13.56	13.55	13.78	14.10	14.50	14.80	15.04	15.19	15.45	15.81	16.41	16.44 ↓↓					
HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED																	
	23.86 11/20	20.23 10/20	18.15 10/20	17.85 01/20	17.40 01/20	17.30 01/20	17.12 01/20	17.00 01/20	17.01 01/20	16.93 01/20	17.00 10/20	16.72 10/20					
	14.65 03/20	14.66 03/20	14.80 03/20	14.82 03/20	14.62 03/20	14.56 03/20	14.52 03/20	14.31 03/20	14.50 03/20	14.50 03/20	14.50 03/20	14.21 03/20					
MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)																	
PA	1.70	2.75	2.30	1.81	1.58	1.19	1.60	1.28	1.01	0.85	1.33	1.87					
*AVG	1.65	2.72	2.70	2.25	2.02	1.25	2.14	1.80	1.12	0.90	1.32	1.82					
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	JUN-19	JUL-19	AUG-19	SEP-19	OCT-19	NOV-19	DEC-19	JAN-20	FEB-20	MAR-20	APR-20	MAY-20	JUN-20	JUL-20	*AUG-20	*SEP-20	TREND
	8.63	9.27	9.85	10.41	10.88	12.21	11.95	10.72	10.06	9.15	6.03	5.37	9.99	12.41	*10.83	↓↓	
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)																	
	JUN-19	JUL-19	AUG-19	SEP-19	OCT-19	NOV-19	DEC-19	JAN-20	FEB-20	MAR-20	APR-20	MAY-20	JUN-20	JUL-20	*AUG-20	*SEP-20	TREND
	11.82	12.52	12.94	13.39	13.98	15.29	14.94	13.86	13.18	12.23	8.77	8.06	12.59	15.04	*13.43	*10.96	↓↓
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)																	
	11.52	11.48	12.73	13.17	13.09	13.76	13.78	13.10	12.20	11.24	8.27	6.79	9.44	12.67	*11.10	*10.26	↓↓
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																	
	23.75 0.39	20.25 1.10	18.00 1.09	16.75 1.00	16.50 1.06	16.25 1.04	16.25 1.03	16.50 1.14	16.50 1.07	16.50 1.03	16.50 1.03	16.50 1.03	16.50 0.98				
CORN (\$/BU) OPTIONS — CALLS																	
	3.90 17.40	4.10 19.30	4.10 19.30	4.20 18.00	4.40 01.50	5.10 02.10	5.00 02.50	5.00 02.40	Example Price / Premium	DEC-20	MAR-21	JUL-21	OCT-21				
	360 20.75	365 17.70	350 21.95	320 21.35	410 02.00	460 02.35	490 02.10	420 02.70	DEC-20	MAR-21	JUL-21	OCT-21	SOYMEAL (\$/TON) OPTIONS — CALLS				
	376.7	370.1	358.0	348.0	345.4	340.4	333.7	325.2	324.5	323.0	315.6	313.6					
CORN FUTURES (\$/BU)																	
	DEC-20	MAR-21	MAY-21	JUL-21	SEP-21	DEC-21	MAR-22	MAY-22	JUL-22	SEP-22	DEC-22	JUL-23	TREND				
	4.052	4.112	4.140	4.154	3.942	3.932	3.986	4.010	4.016	3.856	3.880	3.984	↑↑				
WEEK AGO																	
	4.014	4.042	4.052	4.056	3.842	3.826	3.894	3.922	3.940	3.856	3.886	3.992					
SOYMEAL FUTURES (\$/TON)																	
	OCT-20	DEC-20	JAN-21	MAR-21	MAY-21	JUL-21	AUG-21	SEP-21	OCT-21	DEC-21	JAN-22	MAR-22	TREND				
	385.7	380.2	369.0	361.2	358.7	352.4	343.2	331.9	330.6	328.7	321.7	319.5	↑↑				
WEEK AGO																	
	376.7	370.1	358.0	348.0	345.4	340.4	333.7	325.2	324.5	323.0	315.6	313.6					

*NEW

	FEED COST (\$/CWT MILK)	IOFC (\$/COW @ 75 LBS MILK)	PA MILK MARGIN (\$/CWT MILK)
*SEP.	6.97 ↓↓	7.70 ↓↓	10.26 ↓↓
*PREV MO	7.00	8.32	11.10
YR AGO	6.43	9.88	13.17

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 11/03/20 SPOT CASH TRENDS

	NOV	DEC	JAN	FEB	MAR	APR	MAY	11/03/20	SPOT CASH	TRENDS
NFDM	1.068	1.087	1.070	1.079	1.093	1.107	1.125	↓↓	1.0700	↓↓
WHEY	0.371	0.365	0.366	0.366	0.365	0.360	0.364	↑↑	0.4200	↑↑
BUTTER	1.510	1.512	1.565	1.600	1.680	1.710	1.750	↑↑	1.4250	↑↑
CHEESE	2.507	2.138	1.901	1.791	1.737	1.730	1.735	↓↓	See Below	
CME SPOT CHEESE:	BARRELS 2.5250 / 40 LB BLOCKS 2.7350		↑↑							

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)

	CL I ADV	CL II	CL III	CL IV	ALL-MILK-U.S.	ALL-MILK-PA
	18.04 (NOV)	13.63 (OCT)	21.61 (OCT)	13.47 (OCT)	17.90 (SEP) ↓↓	18.00 (SEP) ↓↓
MONTH AGO						
	15.20	13.16	16.43	12.75	18.80	18.10
YEAR AGO						
	18.14	16.68	18.72	16.39	19.30	19.80

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

	WEIGHTED AVG. 4-WK	SEP 29-OCT 30, 2020	*OCT 2020 COMPONENTS
*CHEESE	2.2921	2.0003	2.0918 ↑↑
*BUTTER	1.5248	0.1715	1.3533 ↑↑
*NFDM	1.0670	0.1678	0.8992 ↑↑
*DRYWHEY	0.3480	0.1991	0.1489 ↑↑
*PROT	5.0146	↑↑	
*B.FAT	1.6388	↑↑	
*N.FAT	0.8902	↑↑	
*OTHER	0.1534	↑↑	

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. NOV. 4, 2020 sale New Holland, PA) *PRICES MOSTLY HIGHER

COWS: Fresh Bred Springing HEIFERS: Bred Beef x (bred) Springing Open: 300-600 lbs Beef X 600-900 lbs 800-1200 lbs BULLS (1100-1300 lbs)

	1250	1275	1000	875	775	1075	225	N/A	450	N/A	1000	
TWO WEEKS AGO COMPARISON												
	1075	1125	1035	725	650	1025	250	275	525	N/A	800	
Avg. of prices reported by USDA Market News for PA Auction Markets Oct. 29-Nov. 3, 2020												
FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT) CURRENT Beef X WEEK AGO YR AGO												
	Choice & Prime	1250-1550 lbs light test	80.00	81.00	84.75	↓↓						
BULL CALVES: No. 1 & 2, 90-130 lbs												
			95.00	185.00	95.00	91.00	↓↓					
70-85 lbs												
			90.00	150.00	90.00	50.00	↓↓					

	Premium White	Breakers	Boners	Lean
	55.75 NC	54.50 ↓↓	47.00 ↓↓	
8 WEEKS AGO				
	N/A	55.75	55.50	49.00
YEAR AGO				
	N/A	54.35	53.00	46.50

brought to you by:

CENTER FOR DAIRY EXCELLENCE FARMSHINE PENNSYLVANIA DEPARTMENT OF AGRICULTURE