

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — NOV. 10, 2021 — except where noted

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**September exports continue record pace:** September export numbers were recently released. It is the 9th month in a row to experience year-over-year (YOY) growth in volume and value. Growth continued despite continued congestion at major U.S. ports. With U.S. milk production continuing to grow YOY in Sept., exports helped to provide additional outlets for dairy products. Nearly all major dairy export categories grew compared to last September, and some experienced record growth for the month of September.

According to the U.S. Dairy Export Council (USDEC), nonfat skim milk/skim milk powder (NDM/SMP) led the volume growth with 16% YOY growth. NDM/SMP exports accounted for the largest portion of the total volume in exports. Of the 186,000 metric tons (MT) of dairy products exported, NDM/SMP accounted for 38% (70,101 MT) of total exports. This set a September monthly record even though it was the second lowest monthly figure this year. The second largest category is dry whey products at 27% (49,514 MT) of total exports with these products increasing by 5% YOY. The third highest export category, cheese, represented 18% of the total exports and increased a huge 20.5% YOY to 24,104 MT.

Although the U.S. is not known to export a lot of butterfat, butterfat exports grew an amazing 223% YOY to 6,489 MT, a near 4,500 MT increase. Butterfat exports are the 7th highest export category which represents only 3% of the total Sept. exports. At an average \$1.30 per pound, USDEC reports that this is 23 cents more than last year and helped increase the value relative to Sept. 2020. Whey products, cheese and butterfat are higher value products relative to NDM/SMP and therefore contributed greatly to the increased export value compared to one year ago. According to USDEC, the average price per pound of milk solids exported by the U.S. reached its highest point since 2015 and is likely to continue to increase behind slowing milk production in most major exporting countries except for the U.S.

The U.S. exported 186,020 MT of milk solids equivalent dairy products this Sept. This represented an increase of 14% YOY. With the con-

tinued surge of exports and growth in higher value products like cheese, whey and butter, value increased nearly double the volume at almost 28% growth YOY. USDEC estimates the value of Sept. exports at \$655.0 million compared to \$513.4 million one year ago. A common thought is that as the international milk supply continues to tighten, more international markets will look to the U.S. to fill their dairy needs. If exports continue to grow at the current rate, 2021 will easily surpass 2020 for record volume. If volume growth continues and value also continues to climb, 2021 will surpass 2014's record value of nearly \$7.1 billion.

The caveat is U.S. port congestion and the inability to get ships unloaded, reloaded, and turned back around. Major U.S. dairy exporters are reporting having to reschedule orders, sometimes numerous times. Despite port issues, U.S. dairy exporters seem to be managing through the crisis. One tool has been to ship more product to Mexico via truck and rail even though freight shipped in this manner is more expensive. With port congestion in the U.S., truck and rail freight is more dependable and likely to reach its destination on time.

As the Mexican economy improves, they are looking to the U.S. to fill their dairy needs. Mexico remains our number one export market in terms of a single country. Sept. exports in 2020 fell 15% YOY compared to 2019 but improved 19% this past Sept. compared to Sept. 2020. Unfortunately, this is still down a slight 1% compared to pre-pandemic Sept. 2019. Expected to continue to improve in the coming months, exports should get back to pre-pandemic volumes soon.

	2020	2021	% change	Vol change
Total Val, Million\$	\$513.4	\$655.0	27.6%	\$141.6
Total Vol, MT	162,897	186,020	14.2%	23,123
NDM/SMP, MT	60,341	70,101	16.2%	9,760
Dry Whey, MT	47,098	49,514	5.1%	2,416
Cheese, MT	28,311	34,104	20.5%	5,793
Butter, MT	2,006	6,489	223.4%	4,483

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. 10, 2021 AT THE CLOSE

	NOV-21	DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	OCT-22	TREND
<b>CLASS III MILK FUTURES (\$/CWT)</b> vs. wk ago: Nov-Feb down steady to \$0.25 higher; rest of board \$0.25-0.40 higher. <b>12-Month Avg. 18.58↑↑</b>	18.10	18.03	18.35	18.54	18.70	18.75	18.77	18.73	18.76	18.77	18.75	18.70	↑↑
<b>CLASS IV MILK FUTURES (\$/CWT)</b> vs. wk ago: \$0.05-0.10 higher Nov-Jan, rest of board \$0.10-0.40 higher. <b>12-Month Avg. 19.03↑↑</b>	18.68	19.20	19.08	19.20	19.21	19.10	19.08	19.00	18.99	18.99	18.90	18.90	↑↑

HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED

19.66 05/21	19.29 05/21	18.95 05/21	18.54 11/21	18.70 11/21	18.75 11/21	18.77 11/21	18.73 11/21	18.76 11/21	18.77 11/21	18.75 11/21	18.70 11/21	18.70 11/21
14.21 03/20	14.19 03/20	14.00 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	14.69 03/20	14.92 03/21	15.22 03/21	

MILK BASIS (\$/CWT) — PA BASIS & 2016-19 AVG OF PA/NY/VT/OH	PA	NY	VT	OH
*AVG	0.74	1.38	0.85	1.67
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)	12.41	10.83	9.40	11.13

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-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	*AUG-21	*SEP-21
	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	*10.19	*9.79	*10.05

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)	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	*AUG-21	*SEP-21
	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	*10.04	*9.82	*10.68

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	DEC-21	MAR-22	JUL-22	Example Daily Strike Price / Premium	DEC-21	MAR-22	MAY-22
18.00 0.06	18.00 0.54	18.25 0.70	18.50 0.84	18.75 0.99	18.75 1.03	18.75 1.03	18.75 1.10

CORN (\$/BU) OPTIONS — CALLS	DEC-21	MAR-22	MAY-22	JUL-22	SEP-22	DEC-22	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	JUL-24
5.30 32.30	5.50 38.50	5.70 48.10	6.10 02.40	7.70 02.10	8.30 05.40							

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
	5.692	5.786	5.834	5.846	5.592	5.560	5.576	5.562	5.180	5.096	5.182	4.840	↑↑

SOYMEAL FUTURES (\$/TON)	DEC-21	JAN-22	MAR-22	MAY-22	JUL-22	AUG-22	SEP-22	OCT-22	DEC-22	JAN-23	MAR-23	MAY-23	TREND
	342.4	338.4	337.5	339.6	343.3	343.2	342.3	340.0	341.4	340.8	334.5	333.1	↑↑

PA MILK MARGIN & IOFC-LATEST PSU VALUES - *SEP 2021	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)
*SEP (estimated)	8.54↓	8.01↑	10.68↑

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 11/10/21	NOV	DEC	JAN	FEB	MAR	APR	MAY	SPOT CASH TEND 11/10/21
NFDM	1.470	1.515	1.520	1.517	1.510	1.497	1.492	Mixed 1.5600 ↓↓

*USDA JULY-21 NEW ALL-MILK BF MAILBOX	*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW			
*CL I ADV↑↑	*CL II↑↑	*CL III↑↑	*CL IV↑↑	*ALL-MILK-U.S.	*ALL-MILK-PA

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. NOV. 3, 2021 sale New Holland, PA) *Prices influenced by special Guernsey dispersal	COWS: Fresh	Bred	Springing	HEIFERS: Bred	Springing	Beef x	Open:	300-600 lbs	600-900 lbs	900-1000 lbs	BULLS (1100-1300 lb)
	1100	1200	1300	1591LTD	1912	N/A	930	N/A	875	1000	N/A

FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)	Choice & Prime	1250-1550 lbs light test	CURRENT	Beef X	WEEK AGO	YR AGO
			94.85		97.75	90.75

BULL CALVES: No. 1 & 2, 90-135 lbs	70-85 lbs	CURRENT	WEEK AGO	YR AGO
		80.00	200.00	75.00

Premium White	Breakers	Boners	Lean
54.75	66.10↓	55.75↓	53.35↑

PA Auction Markets Nov. 4-9, 2021	TWO WEEKS AGO	YEAR AGO
N/A	70.35	60.00

Average to high dressing	YEAR AGO
	57.50



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