## CDE DAIRY MARKETS & MA All prices - Nov. 23, 2020 -& MANAGEMENT UPDATE

- except where noted

NOVEMBER: As the month of November ends, milk price volatility continues to define 2020 dairy markets. Earlier this month, the Center released two podcast options to provide relevant dairy information in a more portable format. One option is the "Cow-Side Conversations" podcast. This podcast will feature Jayne Sebright, executive director at the Center, interviewing Pennsylvania dairy farmers who will share real-time insight, tricks of the trade, and inspiring stories. The first episode is now available on Spotify and Amazon Music by searching for "Cow-Side Conversations." Subscribing to the series on one of these podcast platforms ensures you are notified when new episodes are available. You can also listen on our website at www.centerfordairyexcellence.org/ podcast. For the premier episode, Jayne interviews southwestern Pennsylvania dairy farmer, Mark Mosemann, to see what risk management options his family

The second podcast option is the "Protecting Your Profits" podcast. It can also be found on the same podcast platforms mentioned above, and you can listen on our website at www.centerfordairyexcellence.org/pyp. Emily Barge, communications manager at the Center, will interview me each month as I talk about a topic related to current dairy market trends. In the first episode of the "Protecting Your Profits" podcast, I highlight September market trends and provide an overview of risk management opportunities currently available to dairy

Current Class III and IV milk prices continue to erode compared to the end of October. Current Class III price averages \$17.25 for the next 12 months, down \$0.90 cents cwt from last month. Class IV did not suffer as drastically but did fall 9 cents per cwt to \$14.73. Because of the drastic drop in Class III price in December, the spread between Class III and IV is expected to be within a more normal range. As a result, Producer Price Differentials (PPD) are expected to return to positive territory in December. October U.S. milk production rose 2.3% over last Oct. after rising 2.4%

in Sept. Both months' increases were unexpected and are putting downward

pressure on milk futures moving forward. The national milk herd grew nearly 0.5% to 9.39 million head, and milk production per cow increased nearly 2% over last Oct. to 73.3 pounds per lactating

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cow. In the last two months, the national dairy herd has grown by an astounding 29,000 cows, the highest two-month growth in cow numbers in recent memory. Dairy cow slaughter was down 10% to 258,900 head. Pennsylvania was able to maintain its dairy herd at 482,000 head for the fifth

month in a row. However, cow numbers are still down 0.6% compared to last October. Pa. production increased 2.5% to 848 million pounds. With lower cow numbers than last year, the increase in production was the result of increased milk production per cow. The average Pa. lactating cow produced 65.2 pounds milk in Oct., two pounds more than one year ago.

Sept. exports extended the streak of year-over-year growth to 13 months. Export volume was 5% more than last Sept. and valued at \$505 million. Through the first three quarters of the year, dairy export volume grew 14% to 1.7 million metric tons compared to the same timeframe last year. If there's no slump in exports during the fourth quarter, 2020 is on pace to exceed 2018's record volume of 2.2 mil. metric tons. 2020 exports through Sept. represent 16.2% of total milk solids production.

for Enrollment Dairy Coverage Margin closes Dec. 11, giving dairy farmers less than 2 weeks to enroll. Based on Nov. 16 closing commodity prices, DMC is expected to set an average U.S. all-milk trigger price of \$18.17 at the \$9.50 margin coverage next year.

Class III and IV Milk Futures, 11/20/20 2021

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. 23, 2020 At the close SEP-21 OCT-21 NOV-20 DEC-20 JAN-21 FEB-21 MAR-21 APR-21 MAY-21 JUN-21 JUL-21 AUG-21 TREND CLASS III MILK FUTURES (\$/CWT) Vs. week ago: Nov-Feb 10 to 50 cents higher, Mar-Oct 2021 steady to 15 cents higher. 23.14 15.63 16.30 16.40 16.40 16.52 16.67 16.74 16.94 16.91 17.10 17.01 11 \*AVG = CLASS IV MILK FUTURES (\$/CWT) Vs. week ago: mostly 5 to 50 cents lower across the board. Average 14.93 15.49 13.34 13.23 13.60 13.85 14.29 14.59 15.15 15.60 15.75 15.99 basis for HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED North-18.44 11/20 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 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 23.86.11/20 20 23 10/20 East and 14.65 03/20 14.66 03/20 Mid-East **- PA BASIS & 2014-16 AVG OF PA/NY/VT/OH** 2.30 1.81 1.58 1.19 1.60 MILK BASIS (\$/CWT) - PA 1.70 2.75 YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3) \*MARGIN 1.33 1.87 **PA** 1.70 1.28 1.01 0.85 = Milk 2.72 2.70 2.25 1.80 0.90 \*AVG 1 65 2 02 1 25 2 14 132 182 1 12 Price 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 MAR-20 APR-20 MAY-20 JUNE-20 JULY-20 AUG-20 \*SEF 9.15 6.03 5.37 9.99 12.41 10.83 9. **JAN-20** DMC JUL-19 AUG-19 OCT-19 NOV-19 **DEC-19** FEB-20 Cost 9 27 9.85 10.41 10.88 12.21 11.95 10.72 10.06 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 & Ill. soybean prices (lactating feed only) YFI I OW 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 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 payment 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) triggered 11.48 12.73 13.17 13.09 13.76 \*11.10 11.52 13.78 13.10 12.20 11.24 8.27 9.44 6.79 12.67

**23.00** 0.03 **16.75** 1.19 **16.25** 0.78 **16.50** 0.83 **16.50** 0.89 **16.50** 0.93 **16.75** 1.06 **16.75** 1.04 **17.00** 1.08 **17.00** 1.10 **17.00** 1.03 **17.00** 1.06 DEC-20 MAR-21 SEP-21 **DEC-21** DEC-20 MAR-21 IIII -21 OCT-21 Example CORN (\$/BU) OPTIONS - CALLS **Daily Strike** SOYMEAL (\$/TON) OPTIONS **CALLS 400** 21.30 **380** 16.95 4.05 20.70 **4.40** 17.70 **4.60** 19.10 4.60 18.70 Price / Premium **375** 20.00 400 18.10 4.30 02.20 6.10 03.60 **520** 02.25

- Daily Strike Price / Premium

**5.40** 02.40 CORN FUTURES (\$/BU) **DEC-20 MAR-21 MAY-21** 

4 256 4 324

4.256

4 356

4.330

CLASS III MILK (\$/CWT) OPTIONS — PUTS

JUL-21 4.364

SEP-21 4 146

4.134

JUL-21

391.4

382.4

6.30 03.50 DEC-21 MAR-22

4 122

WEEK AGO 4.090

AUG-21

383.9

**400** 01.50

4 180

4.132

**OCT-21** 

**485** 02.85 **550** 02.35 **MAY-22** JUL-22 SEP-22

4 174

4.126

DEC-22 3 946

11 4 052 4.084

TREND

**TREND** 

CASH TREND 11/23/20

0.4300

1.0875 11

1.3100 ↓↓

See Below

SOYMEAL FUTURES (\$/TON) DEC-20 JAN-21 MAR-21

398.3 396.9

4.304

396.0

394.9 393.8

390.5

384.9

4.336

**MAY-21** 

393.2

\*SEP. 2020 PA MILK MARGIN (\$/CWT milk)

WEEK AGO 375.7

370.9 364.3 352.5

4 170

4.126

SEP-21

356.1 354.1 350.7

DEC-21 JAN-22 352.4 348.5

3 942

3.970

**MAR-22 MAY-22** 345.7 343.5

3.980

340.8 338.0

CME DAIRY CASH-SETTLED FUTURES (\$/LB) NOV DEC JAN FEB MAR 11/23, APR 20 SPOT MAY PA MILK MARGIN & IOFC-LATEST PSU VALUES -1.082 NFDM 1.095 1.110 1.120 1.130 1.145 1.160

\*=NEW IOFC (\$/COW FEED (\$/CWT milk) @ 75 lbs milk) \$/CWT SFP \*6.97↓↓ \*7.70 1J IOFC = \*PREV MO \*7 00 YR AGO

\*10.26 1 \*11.10

WHEY 0.385 0.412 0.407 0.407 0.402 0.392 0.386 1.455 1.713 BUTTER 1 458 1 412 1.496 1.570 1.632 1.677 1.721 1.718 1.730 CHEESE 2.432 1.635 CME SPOT CHEESE: BARRELS 1.4000 / 40 LB BLOCKS 1.6800

\*\*USDA JULY NEW ALL-MILK BF \*MAILE ANNOUNCED FEDERAL ORDER PRICES (\$/CWT) **CURRENT FEDERAL ORDER VALUES (\$/LB)** \* = \* NEW \*CL | ADV TT CL | IITT WEIGHTED AVG. 4-WK SEP 29-OCT 30, 2020 CL III11 CL IV11 ALL-MILK-U.S ALL-MILK-PA \*19.87(DEC) 21.61(OCT) 13.47(OCT) 17.90(SEP)↓↓ 18.00(SEP)↓↓ **PRODUCT** VALUE MAKE ALLOW NET **COMPONENTS** 13.63(OCT) CHEESE 2.2921 0.2003 2.0918 **PROT** 5.0146 MONTH AGO BUTTER 1.5248 0.1715 1.3533 11 B.FAT 1.6388 18.04 13.16 16.43 12.75 18.80 18.10 NFDM 1.0670 0.1678 0.8992 N.FAT 0.8902 YEAR AGO DRYWHEY 0.3480 0.1991 0.1489 OTHER 0.1534 16.68 18.72 16.39 19.30 19.80 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 lb 1250 1275 875 775 1075 225 N/A 450 1000 N/A

TWO WEEKS AGO COMPARISON Price 1075 1125 1035 725 650 1025 250 275 525 averages a not include Avg. of prices reported by USDA Market News for FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT) **CURRENT Beef X** lower-end 'common' cows and

**CULL MARKET COWS (\$/CWT LIVEWEIGHT) Premium White Breakers Boners** 

Auction Markets Nov. 19-24, 2020

Average to high dressing

N/A

Lean 59.25 11 59.35 11 50.10 11 8 WEEKS AGO 59.25 59.35 50.10

YEAR AGO

57.50

54.75

48.75



Choice & Prime 1250-1550 lbs light test

70-85 lbs

**BULL CALVES:** No. 1 & 2, 90-130 lbs



190.00

165.00

88 00

100.00

90.00



1000

800

YR AGO

84 75

70.00

35.00

11

11

11

N/A

WFFK AGO

88 00

100.00

90.00