

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — DEC. 1, 2021 — except where noted



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Breaking down U.S. and PA cow numbers: Since at least 2010, U.S. and Pennsylvania cow numbers have had opposite trends. In general, the U.S. herd size has been increasing while the Pennsylvania herd size has decreased (see the graph below). However, so far this year, the trend is slightly different. Pennsylvania has maintained a herd size of 475,000 through October while U.S. cow numbers increased from 9.445 million in January to 9.507 million in May before declining 107,000 head to end October with 9.400 million cows.

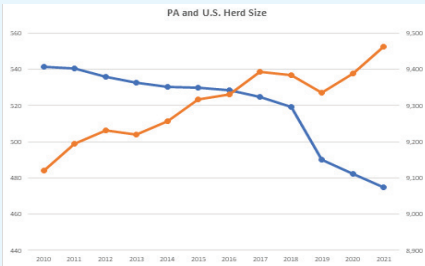
During 2018 and 2019, the reduction in cow numbers in PA was a large contributing factor to the national herd decline. The national herd size was down 7,000 head in 2018 compared to 2017, and Pennsylvania contributed 6,000 cows to that decline. The national herd size in 2019 was 49,000 head less than 2018 with Pennsylvania contributing 29,000 cows to that decline. The national herd expanded in 2020 by 52,000 head while Pennsylvania cow numbers fell by another 8,000.

In 2021 through Oct., the national herd size grew by 76,000 head compared to 2020 even with the large reduction since May. The May herd size was the highest monthly total in over two decades. Where have the cows gone since May? Dairy cow slaughter since May was up 6.3% compared to the same timeframe last year after being down 3.8% from January through May. August alone was up 16%. The increase in slaughter is being attributed to prolonged high feed costs coupled with low milk price.

The main states losing cows are in the Midwest and western parts of the country. New Mexico has the largest herd decline, losing 32,000 head (-10%) since May. Some other top dairy states with reduced cow numbers include Washington down 13,000 head (-5%) and Indiana and Michigan both down 10,000 head (-5% and -2%, respectively). Of the top 24 dairy states, 15 have declined in cow numbers since May. The reduction in herd sizes of the top 24 dairy states account for 83% (-89,000 head) of the total net loss of 107,000 cows since May. Thankfully, Pennsylvania is among the five states that maintained herd size with the remaining four states increasing herd size since May.

After receiving numerous phone calls and emails about the status of the Pandemic Market Volatility Assistance Program (PMVAP) payments, or more commonly known among dairy farmers as the negative producer price differential (PPD) reimbursement, I reached out via email to the Agricultural Marketing Service (AMS) to get a status update. I was told that AMS was in the process of compiling and verifying the data it had received from milk handlers across the country. This is a process that will take time to ensure accuracy in the datasets. After everything is verified, the data will be used to calculate the amount of money that each milk handler will receive based on their actual pooled pounds to distribute to their members. As of Nov. 24, USDA/AMS plans to have funds distributed to milk handlers in early winter. Once the funds are received by the milk handlers, they will have 30 days to pay these funds to eligible producers. The funds will be dispersed as a separate payment to eligible dairy farmers rather than in a normal milk check. I have heard rumors that some milk handlers had received funds. According to AMS, since they are still receiving and compiling data, no money has been distributed. An exact timeline for payments has not been announced. Participating milk handlers will be reimbursed administrative fees for implementing the PMVAP program.

However, the administrative reimbursement is a different allocation than what is received to pay producers. After participating handlers distribute funds to their members, they will be audited by AMS to ensure funds were dispersed appropriately.



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 — DEC. 1, 2021 AT THE CLOSE

DEC-21	JAN-22	FEB-22	MAR-22	APR-22	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	OCT-22	NOV-22	TREND
CLASS III MILK FUTURES (\$/CWT) vs. wk ago: Dec-Mar \$0.20-40 lower; remainder weak to \$0.10 lower.												12-Month Avg. 18.66
18.04	18.10	18.54	18.76	18.87	18.85	18.80	18.83	18.80	18.83	18.80	18.71	↓
CLASS IV MILK FUTURES (\$/CWT) vs. wk ago: \$0.35-0.70 higher across the board.												12-Month Avg. 19.16
19.20	19.13	19.13	19.19	19.10	19.15	19.20	19.20	19.19	19.24	19.14	19.00	↓

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

19.29 05/21	18.95 05/21	18.94 11/21	18.95 11/21	18.90 11/21	18.90 11/21	18.90 11/21	18.92 11/21	18.90 11/21	18.94 11/21	18.86 11/21
14.19 03/20	14.50 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

PA	0.79	1.17	0.62	1.53	2.29	1.82	1.58	0.99	1.03	0.95	0.79	0.60
*AVG	1.38	0.85	1.67	2.55	2.15	1.66	1.45	1.25	1.31	1.15	0.67	0.74

DMC	JULY-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
	12.41	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	*6.93

U.S. AVG MILK MARGIN	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	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 0.24	18.00 0.63	18.50 0.82	18.75 0.98	18.75 1.01	18.75 1.07	18.75 1.13	18.75 1.18

CORN (\$/BU) OPTIONS — CALLS	DEC-21	MAR-22	JUL-22	Example Daily Strike Price / Premium	DEC-21	MAR-22	MAY-22
5.40 35.50	5.70 32.70	6.00 41.50	5.90 02.50	7.00 03.10	8.10 05.30	340 35.00	335 35.80

SOYMEAL FUTURES (\$/TON)	DEC-21	MAR-22	MAY-22	JUL-22	AUG-22	SEP-22	OCT-22	DEC-22	JAN-23	MAR-23	MAY-23	TREND	
	5.720	5.714	5.730	5.734	5.546	5.484	5.556	5.582	5.572	5.156	5.074	5.156	↓

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
	356.5	349.1	346.7	347.5	350.4	350.2	349.1	346.3	346.4	344.6	337.3	334.3	↓

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *OCT 2021	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)
*OCT (estimated)	8.52	9.35	12.47

CME DAIRY CASH-SETTLED FUTURES (\$/LB)	DEC	JAN	FEB	MAR	APR	MAY	JUN	SPOT CASH	TREND
NFDM	1.517	1.520	1.502	1.500	1.494	1.495	1.490	1.5475	↓

*USDA JULY-21 NEW ALL-MILK BF MAILBOX	*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW
FL \$22.30 3.61 \$21.14	CL I ADV↑↑	WEIGHTED AVG. 4-WK

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. NOV. 17, 2021 sale New Holland, PA)	COWS: Fresh	Bred	Springing	HEIFERS: Bred	Springing	Beef x	Open: 300-600 lbs	Beef X	600-900 lbs	900-1000 lbs	BULLS (1000 lb)
	1250	1000	1050	850	1100	975	300	N/A	625	925	700 (1)

FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)	Choice & Prime	1250-1550 lbs light test	CURRENT	Beef X	WEEK AGO	YR AGO
			103.00	N/A	88.00	↑

BULL CALVES: No. 1 & 2, 90-130 lbs	70-85 lbs	CURRENT	Beef X	WEEK AGO	YR AGO
		105.00	175.00	105.00	100.00

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