

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — DEC. 22, 2021 — except where noted



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**DECEMBER:** This month marks the end of the third year I've worked at the Center for Dairy Excellence. Thank you for accepting me into the Pennsylvania dairy industry and for reading these articles. I hope you find value in them. Any time you have questions, do not hesitate to contact me. As another year is ending, I look forward to being a part of the Pennsylvania dairy industry in the year to come.

For the second month in a row, the national herd has declined. U.S. cow numbers have fallen 47,000 head (-0.50%) since last November. Recent month-to-month declines resulted in 122,000 fewer cows since May 2020's high point. The U.S. herd is now 9.385 mil. head. Total U.S. milk production fell along with cow numbers. At 18.035 bil. pounds, production fell 0.4% compared to Nov. 2020. Output per cow was relatively flat compared to a year ago at 1,922 pounds per cow per month, only 3 pounds less than year ago. The average U.S. cow produced 73.6 pounds per day in Nov., two-tenths of a pound more than a year ago.

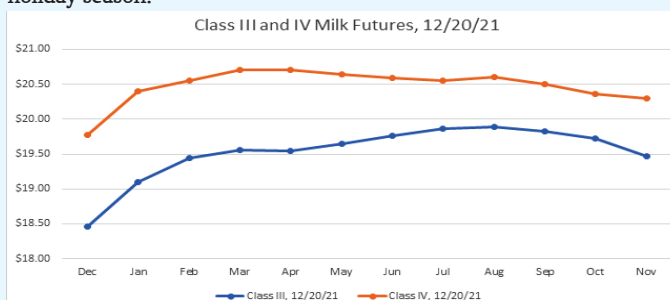
Total milk production in Pennsylvania fell 3.5% to 800 mil. pounds. This represents a reduction of 29 mil. pounds compared to last year. A declining dairy cow herd and decreased output per cow contributed to the total production loss. The state's dairy herd has shrunk by 10,000 head (-2%) since Nov. 2020 and fell by 3,000 head since Oct. 2021. At 472,000 head, November marked the first month this year that the Keystone State was not able to maintain 475,000 head of dairy cattle. The average Pa. dairy cow produced 1,695 pounds (-3.5%) of milk during Nov., which is 25 pounds less than a year ago. The average Pa. dairy cow produced 64.9 pounds of milk per day during November.

With a shrinking national dairy herd, declining milk production, and strong domestic and international demand, Class III and IV milk prices have continued to improve through December. As of Dec. 20, the futures closing prices for both Class III and Class IV milk have improved since the end of November. The 12-month average Class III price has improved 57 cents per cwt since this time last month to \$19.52. Class IV

continues to make nice gains with the 12-month average up \$1.07 per cwt at \$20.47. Class IV and Class III futures remain inverted through next year.

October dairy exports continued to impress despite shipping delays caused by port congestion. Shipping delays are blamed for the first year-over-year (YOY) decline in dairy export volume since Jan. 2021. October export volume fell a slight 1% to 186,085 milk solids equivalent metric tons. However, cheese exports increased 44% YOY, and butter exports increased 107%, nearly enough to offset the 12% decline in skim milk/nonfat dry milk powders, the largest dairy export category. With increased export volume of higher value cheese and butter products, October export value increased more than 17% YOY despite the decline in total volume. Dairy exports were valued at \$660.0 million, nearly \$100 mil. more than the Oct. 2020 value of \$562.5 mil.

As Christmas rapidly approaches, I would like to wish everyone a very Merry Christmas and Happy New Year. I hope that everything goes smoothly on your dairy this holiday season so that you can spend some much-deserved time with your loved ones. Peace be with you this holiday season.



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. 22, 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
<b>CLASS III MILK FUTURES (\$/CWT)</b> vs. wk ago: Dec-Jan down \$0.10-0.30, Rest of board fully \$0.10-0.25 higher. <b>12-Month Avg. 19.76</b> ↑↑												
18.45	19.54	20.15	20.04	19.92	19.85	19.92	20.00	20.01	19.91	19.77	19.61	↑↑
<b>CLASS IV MILK FUTURES (\$/CWT)</b> vs. wk ago: \$0.10-0.40 higher across the board. <b>12-Month Avg. 20.62</b> ↑↑												
19.78	20.85	21.00	20.87	20.82	20.68	20.60	20.65	20.74	20.59	20.45	20.43	↑↑

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

19.29 05/21	19.80 12/21	20.15 12/21	20.04 12/21	19.92 12/21	19.85 12/21	19.92 12/21	20.00 12/21	20.01 12/21	19.91 12/21	19.77 12/21	19.61 12/21
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	15.19 03/21

MILK BASIS (\$/CWT) — PA BASIS & 2016-19 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)												
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 OFFICIAL GROSS MARGINS per cwt. (USDA All-Milk, com/alfalfa & Ill. soybean, feed for all classes of dairy cattle on the farm) *Updated with NEW prem. alfalfa feed cost*															
DMC	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	OCT-21
	*10.69	*9.26	*10.97	*11.64	*8.54	*6.90	*5.97	*6.26	*6.77	*6.67	*6.03	*5.47	*5.03	*6.69	*8.54

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)															
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	*OCT-21
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	*11.74

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)															
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	*OCT-21
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	*12.47

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																							
18.50	0.07	19.75	0.59	20.25	1.11	20.25	1.37	20.00	1.46	19.75	1.38	20.00	1.57	20.00	1.67	20.00	1.37	20.00	1.75	19.75	1.72	19.50	1.64

CORN (\$/BU) OPTIONS — CALLS			SOYMEAL (\$/TON) OPTIONS — CALLS								
5.75	37.10	6.00	43.10	6.00	32.70	365	37.65	370	36.50	400	24.60
6.75	03.70	8.30	03.40	7.70	07.20	445	04.45	480	04.15	510	04.20

CORN FUTURES (\$/BU)												
MAR-22	MAY-22	JUL-22	SEP-22	DEC-22	MAR-23	MAY-23	JUL-23	SEP-23	DEC-23	JUL-24	DEC-24	TREND
6.024	6.040	6.024	5.706	5.514	5.586	5.612	5.602	5.122	5.026	5.076	5.076	↑↑

SOYMEAL FUTURES (\$/TON)												
JAN-22	MAR-22	MAY-22	JUL-22	AUG-22	SEP-22	OCT-22	DEC-22	JAN-23	MAR-23	MAY-23	JUL-23	TREND
402.8	398.3	396.4	396.6	394.0	388.9	381.3	379.2	374.5	364.3	358.3	357.0	↑↑

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *OCT 2021												
FEED = \$/CWT.	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
*OCT (estimated)	*8.52 ↓↓	*9.35 ↑↑	*12.47 ↑↑	1.535	1.617	1.632	1.632	1.622	1.610	1.602	1.602	1.602

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 12/22/21												
NFDM	1.535	1.617	1.632	1.632	1.622	1.610	1.602	1.602	1.602	1.602	1.602	1.602
WHEY	0.642	0.670	0.672	0.662	0.652	0.645	0.635	0.635	0.635	0.635	0.635	0.635
BUTTER	2.077	2.110	2.127	2.140	2.150	2.162	2.162	2.162	2.162	2.162	2.162	2.162
CHEESE	1.759	1.863	1.910	1.913	1.900	1.900	1.911	1.911	1.911	1.911	1.911	1.911

ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)												
*CL I ADV	19.71	(JAN)	18.40	(NOV)	18.03	(NOV)	18.79	(NOV)	19.70	(OCT)	19.90	(OCT)

CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW												
WEIGHTED AVG. 4-WK	NOV. 1-27, 2021	*NOV. 2021 COMPONENTS										
PROTEIN	1.7588	0.2003	1.5585	↓	PROT	2.7536	↓					
BUTTER	1.9503	0.1715	1.7788	↑	B.FAT	2.1541	↑					
NFDM	1.4769	0.1678	1.3091	↑	N.FAT	1.2960	↑					
DRYWHEY	0.5825	0.1991	0.3834	↑	OTHER	0.3949	↑					

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. DEC. 15, 2021 sale New Holland, PA)																				
COWS: Fresh	1325	Bred	1175	Springing	1325	HEIFERS: Bred	1000	Springing	925	Beef x	675	Open: 300-600 lbs	400	Beef X	585	600-900 lbs	1025	900-1000 lbs	1175	BULLS (1000 lb)

MONTH AGO COMPARISON												
950	1100	1085	950	800	450	425	660	675	900	N/A	N/A	

FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)												
Choice & Prime	1250-1550 lbs light test	111.00	106.00	N/A	↑↑							
BULL CALVES:	No. 1 & 2, 90-130 lbs	100.00	260.00	105.00	100.00	↓						
	70-85 lbs	80.00	230.00	90.00	88.00	↓						

PAUCTION MARKETS DEC. 16-21, 2021												
Premium White	Breakers	Boners	Lean									
N/A	67.35 ↑↑	58.60 ↑↑	45.85 ↑↑									

TWO WEEKS AGO												
63.50	66.35	57.75	45.50									

YEAR AGO												
54.50	52.35	48.35										

Price averages do not include lower-end common

Average to high dressing

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