

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, JAN. 14, 2020 — except where noted



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PENNSYLVANIA FARM SHOWS: Pennsylvania cares about its agricultural heritage. With two major farm shows at the beginning of the year, farmers and consumers are treated to two events that showcase what it means to be a farmer in Pennsylvania.

I spent Tuesday and Wednesday at the Keystone Farm Show, and I appreciate several of you stopping by the booth and letting me know that you read my column each week. I enjoyed meeting you, and it was nice to be among you even though it was at a show setting and not at your dairy farms. If you are a farmer, the Keystone Farm Show provides you with buildings and parking lots full of today's latest technology for all types of agriculture. If you have never been, it is worth marking your calendar to attend in 2021. It always happens during the first week of January.

Of course, the other big show is the Pennsylvania Farm Show. Yes, it is a consumer show and is filled with people every day, but it is a wonderful opportunity for consumers to learn where their food and fiber comes from.

I spent a couple of days at the PA Farm Show this year. One of those days was spent volunteering at the Food Court cheese cube booth in the morning and then the Calving Corner exhibit in the afternoon. I spent my time at the Calving Corner interacting with attendees and answering questions about the dairy industry and cows. I was lucky enough to be volunteering when a cow was in active labor. I am guessing there were between 1,000 and 1,500 people crowded around the maternity pens while she was calving.

It was amazing to see the awe in everyone's eyes, not just the kids, but also adults of all ages who had never witnessed something

like the birth of a calf. I have witnessed thousands of calf births during my lifetime. After volunteering at the Calving Corner, I realized I had taken for granted what an amazing event the birthing process truly is. What a great interactive way to showcase Pennsylvania dairy farm families! I had a lot of fun and will volunteer again.

During my year living and working in Pennsylvania, it is amazing to see how much the Commonwealth does to promote and protect Pennsylvania agriculture. Agriculture is the largest business in the state, and dairy is the largest sector of Pennsylvania agriculture. There are a lot of resources available in Pennsylvania to help you succeed. The Center for Dairy Excellence is one of those resources.

One resource the Center has been providing for several years is a monthly "Protecting Your Profits" conference call where participants receive updates on current market dynamics and federal risk management programs. This month we will transfer to a webinar format. Participants will still receive updates on current market conditions and risk management, but a few times per year, we will be inviting a guest presenter to talk about relevant dairy topics.

Our first webinar will be January 22, 2020 from noon until 1:00 p.m. We will be joined by Katie Burgess, Commodity Risk Analyst with Roger W. Blimling Company. Burgess will be presenting a 2020 milk price outlook along with market dynamics and dairy-related trends expected this year. You can access the webinar at centerfordairyexcellence.adobeconnect.com/rp5bp5r8ek5l/ on your computer or smart device. If you would rather join the webinar via telephone, you may contact me or the Center at 717-346-0849 to get the call information.

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 — JAN. 14, 2020 AT THE CLOSE

	JAN-20	FEB-20	MAR-20	APR-20	MAY-20	JUN-20	JUL-20	AUG-20	SEP-20	OCT-20	NOV-20	DEC-20	TREND		
CLASS III MILK FUTURES (\$/CWT)	16.94	16.85	17.26	17.26	17.30	17.40	17.60	17.71	17.76	17.72	17.65	17.41	MIXED		
<i>*AVG = Average basis for North-East and Mid-East</i>	17.10	17.19	17.41	17.34	17.30	17.39	17.53	17.62	17.66	17.62	17.59	17.36			
<i>HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED</i>															
	19.34 12/19	18.92 12/19	18.16 12/19	17.76 12/19	17.50 12/19	17.40 01/20	17.60 01/20	17.71 01/20	17.76 01/20	17.72 01/20	17.65 01/20	17.41 01/20			
	14.62 11/18	14.63 11/18	14.59 11/18	14.65 11/18	15.12 11/18	15.01 11/18	15.01 11/18	14.99 11/18	14.52 11/18	14.52 11/18	15.02 11/18	15.50 01/19			
MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA 2.30	1.81	1.58	1.19	1.60	1.28	1.01	0.85	1.33	1.87	1.70	2.75			
<i>*MARGIN = Milk Price over Feed Cost</i>	*AVG 2.70	2.25	2.02	1.25	2.14	1.80	1.12	0.90	1.32	1.82	1.65	2.72			
MPP/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)	MPP OCT-18	NOV-18	DEC-18	DMC	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	JUN-19	JUL-19	AUG-19	SEP-19	OCT-19	*NOV-19
	8.96	8.66	7.85		7.71	7.91	8.66	8.82	9.00	8.63	9.27	9.85	10.41	10.88	12.21
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)	OCT-18	NOV-18	DEC-18	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	JUN-19	JUL-19	AUG-19	SEP-19	*OCT-19	*NOV-19	*DEC-19
	11.73	11.40	10.63	10.79	11.00	11.63	11.61	11.76	11.82	12.52	12.94	13.39	*13.98	*14.40	*14.23
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)	OCT-18	NOV-18	DEC-18	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	JUN-19	JUL-19	AUG-19	SEP-19	*OCT-19	*NOV-19	*DEC-19
	11.68	11.29	10.46	10.37	11.34	11.39	11.21	11.54	11.52	11.48	12.73	13.17	*13.09	*14.89	*14.83

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																							
17.00	0.11	17.00	0.34	17.25	0.35	17.25	0.39	17.25	0.43	17.50	0.53	17.50	0.57	17.75	0.56	17.75	0.55	17.75	0.58	17.75	0.65	17.50	0.65
MAR-20				JUL-20				SEP-20				DEC-20				Example Daily Strike Price / Premium							
CORN (\$/BU) OPTIONS — CALLS																							
3.70	20.40	3.80	30.60	4.00	25.00	4.00	28.30	4.60	00.20	5.20	01.60	5.00	04.60	5.50	03.10								
SOYMEAL (\$/TON) OPTIONS — CALLS																							
300	06.40	320	08.65	300	20.95	320	14.05	335	00.35	360	02.10	350	04.95	400	02.15								

CORN FUTURES (\$/BU)													
MAR-20	MAY-20	JUL-20	SEP-20	DEC-20	MAR-21	MAY-21	JUL-21	SEP-21	DEC-21	JUL-21	SEP-21	TREND	
3.890	3.960	4.022	4.022	4.042	4.136	4.176	4.202	4.104	4.112	4.192	4.250	↑↑	
<i>2 WEEKS AGO</i>													
3.842	3.912	3.976	3.982	4.006	4.102	4.142	4.170	4.082	4.090	4.170	4.250		
SOYMEAL FUTURES (\$/TON)													
MAR-20	MAY-20	JUL-20	AUG-20	SEP-20	OCT-20	DEC-20	JAN-21	MAR-21	MAY-21	JUL-21	TREND		
302.0	306.6	311.0	312.5	313.4	313.2	315.0	315.0	312.1	311.0	311.7	310.5	MIXED	
<i>2 WEEKS AGO</i>													
301.8	306.2	310.8	312.3	313.2	313.0	314.8	314.8	314.9	313.7	312.6	312.0		

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *DEC. 2019				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 01/14/20 SPOT CASH TRENDS											
FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)		JAN	FEB	MAR	APR	MAY	JUN	JUL	01/14/20	SPOT CASH	TRENDS		
*DEC. *6.84	↓	*11.12	↓	*14.83	↓										
*PREV MO	*6.87	11.17	*14.89	NFDM	1.240	1.266	1.278	1.284	1.291	1.300	1.307	↑↑	1.2725	↑↑	
YR AGO	6.71	8.47	11.29	WHEY	0.339	0.390	0.419	0.425	0.436	0.438	0.435	↑↑	0.3600	↑↑	
				BUTTER	1.961	1.973	2.021	2.055	2.097	2.125	2.140	↓↓	1.9400	↑↑	
				CHEESE	1.793	1.753	1.772	1.766	1.767	1.777	1.795	↓↓	See Below		
				CME SPOT CHEESE: BARRELS	1.4675	/	40 LB BLOCKS	1.8700				↓↓	/	↓↓	

*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	WEIGHTED AVG. 4-WK DEC 1 - 30, 2019				*DEC. 2019 COMPONENTS							
19.01	(JAN)	20.18	(DEC)	19.37	(DEC)	16.70	(DEC)	21.00	(NOV)	21.00	(NOV)	↑↑	PROT	3.6515	↓↓		
<i>MONTH AGO</i>																	
19.33		16.85		20.45		16.60		19.30		20.10			B.FAT	2.1952	↓↓		
<i>YEAR AGO</i>																	
15.12		15.63		14.43		15.06		17.00		18.00			N.FAT	1.0378	↑↑		
													OTHER	0.1341	↑↑		

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. JAN. 15, 2020 sale New Holland, PA)														
COWS Fresh	Bred	Springing	HEIFERS: Bred	Beef x (bred)	Springing	Open: 300-600 lbs	Beef X	600-800 lbs	800-1200 lbs	BULLS (600-1800 lb)				
1000	825	950	575	N/A	825	225	N/A	375	525	900				
<i>FOUR WEEK RUNNING AVG</i>														
1050	900	1100	600	N/A	900	250	N/A	400	600	875				
<i>Avg. of prices reported by USDA Market News for PA & NY Auction Markets Jan. 9-14, 2020</i>														
CULL MARKET COWS (\$/CWT LIVEWEIGHT)														
Premium White	Breakers	Boners	Lean	FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)				CURRENT 2 WEEKS AGO YR AGO						
N/A	59.50	↑↑	56.10	↑↑	51.00	↑↑								
<i>2 WEEKS AGO</i>														
N/A	53.75		52.25		48.85									
<i>YEAR AGO</i>														
N/A	49.50		50.00		39.50									

Price averages do not include lower-end common cows and heifers.

Average to high dressing

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