

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, FEB. 18, 2020 — except where noted



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Traceability: The average consumer is about three generations removed from agriculture. This means that the last family member to be involved in agriculture was their great grandparents. As consumers get further removed from agriculture, their knowledge and understanding of where their food comes from diminishes and fear more rapidly becomes a factor in food purchases. As such, traceability becomes important to food processors.

Traceability is the ability for a company or consumer to be able to know where their food is coming from. Why is traceability so important? It gives the consumer confidence in their food source because they know where it originated.

Traceability also protects the consumer in the unlikely event there is a food safety issue. If a product is recalled because of a potential pathogen, the company that produces the product can trace it back to the potential source of the issue. Perhaps the issue occurred at some point along the processing chain or perhaps the source is at the farm level. If the issue can be traced back to the farm level, traceability protects the other farmers who did not have the issue.

So, traceability is a good thing for all parties involved from farm to consumer, because it speeds up the ability to identify and correct issues before they become major problems. Traceability also helps to identify potential problems before they ever make it to the consumer level.

Recently, Atlantic Veal and Lamb (AVL), based in New York, sent a letter to the Pennsylvania Department of Agriculture stating that the USDA requires traceability on all veal calves and that New York requires official National Uniform Eartagging System (NUES) or 840 Radio-Frequency Identification (RFID) tags on all veal calves coming into New York. According to AVL, they have been purchasing animals from Pennsylvania auctions and sale barns for 40 years but will be forced to stop buying calves from Pennsylvania if there is no policy to require the proper identification. Any veal calf that arrives at AVL without official tags is considered untraceable and automatically condemned as unfit for human consumption. This is at the expense to AVL because the animal has already been purchased.

If you sell veal calves, you can prevent this from happening by complying with this policy. Tags are available for free from the Pennsylvania Department of Agriculture by emailing Allie Steck, Animal Disease Traceability Coordinator at asteck@pa.gov, or by calling her at 717-678-3508.

The U.S. is known across the globe for its strict quality and safety standards. You may not always agree with what you must do as a farmer to comply to industry policies, but traceability in our food system helps ensure a safe food supply by allowing for a more rapid response if food safety issues arise.

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 — FEB. 18, 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)	16.98	17.01	17.16	17.24	17.42	17.71	17.81	17.84	17.81	17.65	17.37	17.14	↓↓			
<i>WEEK AGO</i>	17.04	17.29	17.42	17.39	17.52	17.79	17.89	17.93	17.90	17.79	17.47	17.16				
HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED	19.34 12/19	18.92 12/19	18.16 12/19	17.76 12/19	17.62 01/20	17.73 01/20	17.85 01/20	17.95 01/20	18.05 01/20	18.01 01/20	17.95 01/20	17.67 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	15.00 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>*AVG</i>	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 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	*DEC-19	
	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	*11.95	↓↓
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)	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	*JAN-20	
	11.40	10.63	10.79	11.00	11.63	11.61	11.76	11.82	12.52	12.94	13.39	13.98	*15.29	*14.94	*12.98	↓↓
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)	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	*JAN-20	
	11.29	10.46	10.37	11.34	11.39	11.21	11.54	11.52	11.48	12.73	13.17	13.09	*13.76	*13.78	*13.09	↓↓

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																								
17.00	0.06	17.00	0.37	17.25	0.61	17.25	0.58	17.50	0.64	17.75	0.67	17.75	0.63	17.75	0.65	17.75	0.73	17.75	0.77	17.50	0.81	17.25	0.78	
MAR-20				JUL-20				SEP-20				DEC-20				Example Daily Strike Price / Premium								
CORN (\$/BU) OPTIONS — CALLS																								
3.65	18.10	3.90	16.30	3.90	21.20	4.00	22.10																	
3.90	01.10	4.60	02.70	4.70	05.00	5.10	04.00																	

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
3.804	3.852	3.882	3.864	3.906	4.000	4.042	4.056	3.960	3.972	4.062	4.070		↓↓
<i>WEEK AGO</i>													
3.830	3.872	3.902	3.886	3.930	4.024	4.060	4.080	3.984	4.000	4.086	4.094		
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	AUG-21		TREND
293.0	298.5	303.5	304.9	305.7	306.2	309.1	309.1	306.4	306.7	308.8	308.7		↑↑
<i>WEEK AGO</i>													
291.7	297.4	302.7	304.2	305.0	305.3	308.1	308.0	305.3	305.5	307.0	306.8		

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES — *JAN. 2020				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 02/18/20																			
FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)		JAN	FEB	MAR	APR	MAY	JUN	JUL	SPOT CASH	TREND											
*JAN. *7.19↑↑	*9.82 ↓↓	*13.09 ↓↓		1.233	1.191	1.189	1.204	1.222	1.238	1.249	1.2000	↓↓											
*PREV MO *7.12	*10.34	*13.78		0.373	0.372	0.385	0.388	0.397	0.410	0.413	0.3700	↓↓											
YR AVG 7.33	7.78	10.37		1.851	1.916	1.956	1.991	2.028	2.064	2.082	1.7950	↓↓											
				1.784	1.783	1.787	1.789	1.803	1.820	1.824	See Below												
				CME SPOT CHEESE: BARRELS 1.5850 / 40 LB BLOCKS 1.8100																			
				↑↑ / ↓↓																			

*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 JAN. 1-31, 2020				*JAN. 2020 COMPONENTS							
17.55(FEB)	*17.05(JAN)	*17.05(JAN)	*16.65(JAN)	20.70(DEC)	20.90(DEC)	PRODUCT	VALUE	MAKE ALLOW	NET								
				4.05F	4.03F	*CHEESE	1.8092	0.2003	1.6089	↓	*PROT 2.9606			↓↓			
						*BUTTER	1.9153	0.1715	1.7438	↓	*B.FAT 2.1117			↓↓			
						*NFDM	1.2451	0.1678	1.0773	↑	*N.FAT 1.0665			↑↑			
						*DRYWHEY	0.3367	0.1991	0.1376	↑	*OTHER 0.1417			↑↑			

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. FEB. 19, 2020 sale New Holland, PA)													
COWS Fresh	Bred	Springing	HEIFERS: Bred	Beef x (bred)	Springing	Open: 300-600 lbs	Beef X	600-900 lbs	800-1200 lbs	BULLS (600-1800 lb)			
1000	1150	850	725	N/A	N/A	350	N/A	550	N/A	800			
<i>FOUR WEEK RUNNING AVG</i>													
1000	950	1100	725	N/A	850	325	N/A	475	600	900			
Avg. of prices reported by USDA Market News for PA & NY Auction Markets Feb. 13-18, 2020													
FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)													
Choice & Prime 1250-1550 lbs light test 89.00													
87.60													
BULL CALVES: No. 1 & 2, 90-130 lbs 135.00													
70-85 lbs 55.00													
75.00													
25.00													
↓													

Price averages do not include lower-end common cows and heifers. Average to high dressing

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. FEB. 19, 2020 sale New Holland, PA)

Premium White	Breakers	Boners	Lean
N/A	71.00↑↑	68.00↑↑	59.75↑↑
<i>WEEK AGO</i>			
N/A	66.60	64.10	56.50
<i>YEAR AGO</i>			
N/A	59.00	53.75	49.50

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