

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, MAR. 10, 2020 — except where noted

Adapting to change: Milk Daylight Saving Time started this past week-end, and it has felt like spring in South Central Pennsylvania the last week or so. Last week, my mother was texting me pictures of daffodils and violets blooming in her yard in North Carolina. I think she was trying to make me jealous, homesick, or both. I found a crocus blooming in my yard this past Sunday and sent a photo to her.

As we transition from winter to spring, I think now is a good time to talk about change. Change is inevitable and sometimes can be difficult to manage. If you are a dairy industry professional and want to learn how you can help your dairy clients better manage the inevitable changes in our industry, the Center has a great opportunity for you.

Our Dairy Professional Spring Roundtable Meetings will be centered around managing change to stay successful in an ever-changing dairy industry. The presentation and discussion will be based on consulting and coaching from Dr. King Hickman, DVM, a founding member of GPS Dairy Consulting, LLC based in Lakeview, Minnesota.

Dr. Hickman and his team have a coaching mindset. Their mentality fosters a culture of collaboration and empowers teams to achieve management or business success. Dr. Hickman is working with Center staff to impart their philosophy for how industry professionals and dairy farmers can adapt successfully in today's changing dairy climate.

This year's series of Dairy Industry Professional Roundtables will be held at four regional meetings across Pennsylvania. All meetings are free to attend and will include a meal followed by the roundtable discussion. Meeting dates and places are as follows:

- April 30 in Mount Joy, PA, • May 5 in Lewisburg, PA, • May 7 in Chambersburg, PA, and • May 12 in Meadville, PA.
- Visit centerfordairyexcellence.org/roundtable for information or to register; or contact Heidi Zimmerman at 717-346-0849.

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

The spring Roundtables are designed for dairy industry professionals and the fall roundtables are designed for dairy farmers. Any dairy farmers interested in change management should encourage their dairy consultants to attend one of the spring roundtables, and I would encourage dairy farmers to attend one of the fall roundtables, where we will be discussing change management with farmers. I will be promoting those once they are scheduled.

As part of the Center's change management strategies, I have revamped my monthly "Protecting Your Profits" (PYP) conference calls and the PYP section of our webpage. I have converted the conference call to be webinar based. The webinars take place the fourth Wednesday of every month at noon. I report about recent developments in current milk markets as well as opportunities for risk management. I will also be inviting guest speakers periodically to go into depth on relevant topics. Our next PYP webinar is March 25, 2020 at noon. Christine Brodeur, director of DFA's Risk Management, will be joining us to take an in-depth look at Dairy Revenue Protection and some strategies for how this program can work for your dairy.

Join the webinar at www.centerfordairyexcellence.org/MarchPYP on March 25 at noon. If you do not have Internet access and would like to join by telephone, call the Center office at 717-346-0849 for the call-in information. The Center hosts Roundtable meetings each spring and fall. Spring roundtables are designed for dairy industry professionals.

The PYP webpage now includes a tool for easier access to Pennsylvania and U.S. dairy industry statistics. Check out the redesigned format and use the new tool at www.centerfordairyexcellence.org/scorecards

Change can be daunting, but it is typically a good thing. Our ability to adapt to change, and use it to our advantage, will become more important over time.



ZACH MYERS
Risk Education
Manager
336-468-0726
zmyers@centerfordairyexcellence.org


*AVG =
Average
basis for
North-
East and
Mid-East

*MARGIN
= Milk
Price
over
Feed
Cost
per cwt.
YELLOW
= payment
triggered


*NEW

FEED =
\$/CWT.
*FEB.
IOFC =
\$/COW

USDA OCT. 2019
ALL-MILK BF MAILBOX

WI	\$20.50	3.95	\$20.37
FL	\$22.70	3.75	\$20.08
OH	\$19.70	3.88	\$19.90
NE	\$20.00	3.96	\$19.71
U.S.	\$19.90	3.99	\$19.38
IN	\$19.30	3.91	\$19.38
SE	\$21.00	3.70	\$19.37
APP	\$20.40	3.83	\$19.03
NY	\$19.70	3.94	\$18.89
PA	\$20.10	3.93	\$19.79
MI	\$18.30	3.86	\$18.35

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

Average
to high
dressing

CME DAILY FUTURES & OPTIONS TRADING — MAR. 10, 2020 AT THE CLOSE

MAR-20	APR-20	MAY-20	JUN-20	JUL-20	AUG-20	SEP-20	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	TREND
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CLASS III MILK FUTURES (\$/CWT)												
16.33	15.85	15.99	16.24	16.58	16.75	16.90	17.00	16.92	16.78	16.62	16.58	↓↓
WEEK AGO												
16.99	16.34	16.08	16.28	16.49	16.74	16.92	17.14	17.12	17.15	16.92	16.60	

HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED																							
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	17.67	01/20
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	15.60	01/19

MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)												
PA	1.81	1.58	1.19	1.60	1.28	1.01	0.85	1.33	1.87	1.70	2.75	2.30
*AVG	2.25	2.02	1.25	2.14	1.80	1.12	0.90	1.32	1.82	1.65	2.72	2.70

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	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	*JAN-20	
	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	*10.72	↓↓
U.S. AVG MILK MARGIN per 100 lbs milk based on 75 lb hard curd & USDA's All Milk price. USDA reported com & alfalfa hay & IL soybean prices (excluding feed only)																

U.S. AVG MILK MARGIN per 100 lbs milk based on 75-lb herd avg & USDA's All-Milk price, USDA-reported corn & 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 corn & alfalfa hay & Buff., NY soybean prices (lactating feed only)														
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																							
16.25	0.04	15.75	0.24	16.00	0.46	16.25	0.54	16.50	0.54	16.75	0.63	17.00	0.70	17.00	0.69	17.00	0.75	16.75	0.69	16.50	0.63	16.50	0.63
MAR-20		JUL-20		SEP-20		DEC-20		Example		APR-20		JUL-20		SEP-20		DEC-20							

MAY-20				JUL-20				SEP-20				DEC-20				Example Daily Strike Price / Premium				APR-20				JUL-20				SEP-20				DEC-20			
CORN (\$/BU)				OPTIONS — CALLS				SOYMEAL (\$/TON)				OPTIONS — CALLS																							
3.50	24.60	3.70	19.20	3.90	15.70	3.70	28.20	280	21.80	285	23.50	290	22.20	300	20.50																				
3.90	01.10	4.50	02.30	4.80	03.00	4.50	07.70	305	02.50	335	03.20	360	02.40	380	02.70																				

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
3.792	3.744	3.764	3.734	3.770	3.870	3.920	3.952	3.876	3.900	3.992	4.056	↓↓

WEEK AGO												
3.870	3.850	3.862	3.820	3.854	3.954	4.000	4.020	3.940	3.944	3.962	4.054	

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
295.9	301.6	305.3	305.7	305.9	306.0	309.2	308.6	304.9	303.8	305.7	306.3	↓↓

WEEK AGO												
305.2	308.9	312.8	312.6	312.2	311.9	314.8	313.6	309.2	307.3	308.2	307.7	

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *FEB. 2020			
FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	
*FEB. *7.25↑↑	*9.79 ↓↓	*13.06 ↓↓	
*PREV MO	7.19	9.82	13.09
YR AGO	6.56	8.51	11.34

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 03/10/20												
MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	TREND
NFDM	1.152	1.098	1.090	1.092	1.105	1.121	1.142	↓↓	1.0800	↓↓		
WHEY	0.360	0.355	0.352	0.356	0.360	0.362	0.365	MIXED	0.3375	↑↑		
BUTTER	1.820	1.865	1.889	1.942	1.980	2.005	2.014	MIXED	1.8175	↓↓		
CHEESE	1.716	1.671	1.693	1.712	1.741	1.758	1.772	↓↓	See Below			
CME SPOT CHEESE: BARRELS 1.4100 / 40 LB BLOCKS 1.7600												

*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 FEB. 1-29, 2020												
17.46(MAR) *16.84(FEB) *17.00(FEB) *16.20(FEB) *19.60(JAN) ↓↓ *20.20(JAN) ↓↓													FEB. 2020												
MONTH AGO													PRODUCT VALUE MAKE ALLOW NET COMPONENTS												
17.55 17.05 17.05 16.65 20.70 20.90													*CHEESE 1.7884 0.2003 1.5881 ↓↓ *PROT 3.0309 ↑↑												
YEAR AGO													*BUTTER 1.8076 0.1715 1.6361 ↓↓ *B.FAT 1.9813 ↓↓												
15.98 16.13 13.89 15.86 16.60 17.70													*NFDM 1.2453 0.1678 1.0775 ↑↑ *N.FAT 1.0667 ↑↑												
													*DRYWHEY 0.3690 0.1991 0.1699 ↑↑ *OTHER 0.1750 ↑↑												

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. MARCH 4, 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)	
1050	N/A	N/A	650	N/A	775	250	N/A	475	N/A	800	
----- FOUR WEEK RUNNING AVG -----											
1000	950	900	700	N/A	800	300	N/A	475	600	800	
Avg. of prices reported by USDA Market News for PA & NY Auction Markets March 5-10, 2020				FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT)				CURRENT	WEEK AGO	YR AGO	
CULL MARKET COWS (\$/CWT LIVELWEIGHT)				Choice & Prime 1250-1550 lbs light test				85.00	89.00	87.00	
BULL CALVES: No. 1 & 2, 90-130 lbs								110.00	85.00	90.00	
Premium White				70-85 lbs				92.00	55.00	70.00	
N/A											