

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, APR 14, 2020 — except where noted



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**Paycheck Protection Program:** Unfortunately, things have taken a drastic turn for the worse over the last several weeks, with both the Class III and IV milk futures prices losing over 30% of their value since January. On the positive side, retail stores and processors seem to have gotten supply back on track. Most grocery stores have relaxed purchase limits on dairy products, and there are fewer and fewer empty dairy cases as retailers and processors figure out how to keep dairy products on the shelves to account for increased retail demand for dairy. It is easy to become overwhelmed during this time of uncertainty, but remember to focus on the positives.

COVID-19 has challenged all sectors of the U.S. economy. In the last few weeks Congress passed and the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act provided \$2.2 trillion to be used to help individuals and businesses economically impacted by COVID-19. It provides \$23.5 billion dollars to be used to aid the struggling U.S. agriculture economy across the country. \$9.5 billion was provided directly to USDA to be used as economic relief for the agriculture industry, and another \$14 billion is to be used to fund the Commodity Credit Corporation that will be used as additional relief for agriculture industries. Unfortunately, details on how this money will be spent have not been released.

The CARES Act also provides \$349 billion to create a new loan program called the Paycheck Protection Program (PPP). The PPP is a low-interest, short-term loan program designed to retain employees and maintain payroll. It can also be used to pay some qualifying operating expenses like interest on mortgage payments, lease payments, and utility payments. The maximum loan amount is the lesser of 2.5 times the average monthly payroll incurred during calendar year 2019 or \$10 million.

Eligible applicants include independent contractors, sole proprietors, and self-employed individuals. Dairy farms are eligible for this program even if they do not have a regular payroll. The money can be used to cover salary, wages, commissions, or tips as well as employee benefits like health insurance premiums, medical costs, retirement benefits, state and local taxes assessed on compensation, and more.

The PPP loans are termed out over two years at 1% interest with all payments deferred for the first six months. However, interest does accrue over the deferred payment period. Other perks to consider are a waiver of normal loan/guarantee fees, no personal guarantee of the loan and no collateral needed. There is also possibility to have partial or full loan forgiveness depending on how and when the money is used as defined by the guidelines of the program. Contact your agriculture lender for more information on the program or to apply for a PPP loan. PPP loan applications will be accepted until June 30, 2020.

Next Monday, April 20, 2020 from 12:00 – 1:30 p.m., the Center for Dairy Excellence and the Professional Dairy Managers of Pennsylvania will be co-hosting a free “Contingency Planning 101” webinar for dairy farmers. During the webinar, attendees will hear directly from other dairy farmers and industry professionals who have already taken the time to think through contingency plans to address critical areas of operation related to COVID-19. Attendees will have opportunities to ask questions about the planning process, ideas about housing ill employees, procedures and preparations for farm visits, deliveries, maintaining supplies, managing employees, and more. Participation is limited so registration is required. Go to [centerfordairyexcellence.org/webinar](http://centerfordairyexcellence.org/webinar) to register.

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 — APR. 14, 2020 AT THE CLOSE

	APR-20	MAY-20	JUN-20	JUL-20	AUG-20	SEP-20	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	MAR-21	TREND			
<b>CLASS III MILK FUTURES (\$/CWT)</b>	13.84	11.04	12.19	13.81	14.94	15.32	15.48	15.40	15.31	15.24	15.21	15.36	↓↓			
<i>WEEK AGO</i>	14.04	12.58	13.80	15.15	15.78	15.98	16.06	16.02	15.85	15.67	15.57	15.85				
<b>HIGHEST &amp; LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED</b>	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	17.85 01/20				
	13.84 04/20	11.04 04/20	12.19 04/20	13.81 04/20	14.35 03/20	14.61 03/20	14.52 11/18	14.52 11/18	14.65 03/20	14.66 03/20	14.80 03/20	14.82 03/20				
<b>MILK BASIS (\$/CWT) — PA BASIS &amp; 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)</b>																
PA	1.58	1.19	1.60	1.28	1.01	0.85	1.33	1.87	1.70	2.75	2.30	1.81				
*AVG	2.02	1.25	2.14	1.80	1.12	0.90	1.32	1.82	1.65	2.72	2.70	2.25				
<b>MPP/DMC OFFICIAL GROSS MARGINS per cwt. (USDA All-Milk, com &amp; alfalfa hay &amp; Illinois soybean prices, feed for all classes of dairy cattle on the farm)</b>																
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	*FEB-20	*MAR-20	
	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	*10.06	↓↓	
<b>U.S. AVG MILK MARGIN per 100 lbs milk based on 75-lb herd avg &amp; USDA's All-Milk price, USDA-reported com &amp; alfalfa hay &amp; Ill. soybean prices (lactating feed only)</b>																
	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	*FEB-20	*MAR-20	
	10.79	11.00	11.63	11.61	11.76	11.82	12.52	12.94	13.39	13.98	15.29	14.94	13.86	*12.82	*11.90	↓↓
<b>PA AVG MILK MARGIN per 100 lbs milk based on 75-lb herd average and USDA's PA All-Milk price, USDA com &amp; alfalfa hay &amp; Buff., NY soybean prices (lactating feed only)</b>																
	10.46	10.37	11.34	11.39	11.51	11.54	11.52	11.48	12.73	13.17	13.09	13.78	13.10	*12.93	*12.03	↓↓

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																							
13.75	0.03	11.00	0.29	12.25	0.54	13.75	0.78	15.00	0.80	15.25	0.91	15.50	0.88	15.50	0.91	15.25	0.83	15.25	0.79	15.25	0.80	15.25	0.84
JUL-20			SEP-20			DEC-20			MAR-21			Example Daily Strike Price / Premium		MAY-20		JUL-20		SEP-20		DEC-20			
CORN (\$/BU) OPTIONS — CALLS																							
3.20	17.50	3.40	16.70	3.60	16.70	3.50	28.30	3.80	03.50	4.20	02.70	4.50	03.40	4.30	07.00	270	22.40	270	28.45	270	29.50	280	25.95
SOYMEAL (\$/TON) OPTIONS — CALLS																							
295	03.35	315	04.65	350	02.65	360	03.50																

CORN FUTURES (\$/BU)												
MAY-20	JUL-20	SEP-20	DEC-20	MAR-21	MAY-21	JUL-21	SEP-21	DEC-21	JUL-21	SEP-21	DEC-21	TREND
3.192	3.266	3.324	3.426	3.554	3.626	3.674	3.652	3.702	3.826	3.886	3.914	↓↓
<i>WEEK AGO</i>												
3.300	3.354	3.404	3.492	3.602	3.665	3.712	3.660	3.706	3.830	3.884	3.930	
SOYMEAL FUTURES (\$/TON)												
MAY-20	JUL-20	AUG-20	SEP-20	OCT-20	DEC-20	JAN-21	MAR-21	MAY-21	JUL-21	AUG-21	SEP-21	TREND
292.2	296.6	296.0	295.8	296.2	299.0	298.6	293.9	293.6	296.4	297.2	297.0	↓↓
<i>WEEK AGO</i>												
292.8	297.8	297.8	298.0	297.9	300.8	300.7	296.3	295.1	297.9	298.7	298.5	

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *MAR. 2020				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 04/14/20									
FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)		APR	MAY	JUN	JUL	AUG	SEP	OCT	SPOT	TREND	04/14/20
*MAR. 7.13	9.02	12.03		0.945	0.857	0.873	0.897	0.923	0.955	0.979	↓↓	0.8500	↓↓
PREV MO 7.12	9.69	12.93		0.372	0.366	0.365	0.365	0.355	0.360	0.360	↑↑	0.3550	↑↑
YR AGO 7.11	8.55	11.39		BUTTER 1.335	1.270	1.315	1.385	1.422	1.477	1.516	↑↑	1.1500	↓↓
				CHEESE 1.455	1.192	1.325	1.487	1.598	1.640	1.650	↓↓	See Below	
				CME SPOT CHEESE: BARRELS	0.8500 / 40 LB BLOCKS		1.1010				↓↓ / ↓↓		

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 MAR. 1-28, 2020	PRODUCT	VALUE	MAKEALOOK	NET	MAR. 2020 COMPONENTS	
16.64	16.75	16.25	14.87	18.90	19.40		CHEESE	1.7091	2.0003	1.5088	↓↓	PROT 2.8424	
<i>MONTH AGO</i>							BUTTER	1.7751	0.1715	1.6036	↓↓	B.FAT 1.9177	
17.46	16.84	17.00	16.20	19.60	20.20		NFDM	1.1160	0.1678	0.9485	↓↓	N.FAT 0.9387	
<i>YEAR AGO</i>							DRYWHEY	0.3748	0.1991	0.1757	↑↑	OTHER 0.1810	
15.76	16.61	15.04	15.71	16.80	17.90								

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. APRIL 1, 2020 sale New Holland, PA) NO REPORT 4/8 or 4/15												
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)		
1125	800	N/A	775	N/A	875	260	N/A	425	N/A	700		
<i>FOUR WEEK RUNNING AVG</i>												
1075	950	850	750	N/A	850	300	N/A	475	600	750		
Avg. of prices reported by USDA Market News for PA & NY Auction Markets April 9-14, 2020												
FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)												
Choice & Prime 1250-1550 lbs light test												
CURRENT WEEK AGO YR AGO												
No Report 75.00 88.50												
BULL CALVES: No. 1 & 2, 90-130 lbs												
No Report 82.00 130.00												
70-85 lbs												
No Report N/A 105.00												

CULL MARKET COWS (\$/CWT LIVEWEIGHT)			
Premium White	Breakers	Boners	Lean
N/A	NO REPORT		
<i>WEEK AGO</i>			
N/A	57.50	56.85	47.85
<i>YEAR AGO</i>			
N/A	60.00	56.00	46.25

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

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