

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, MAY 19, 2020 — except where noted



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Direct Payment Details Announced: After much anticipation, USDA announced how it will distribute \$16 bil. in direct payment relief from the Coronavirus Food Assistance Program (CFAP). This program is not meant to cover the full loss, but it will provide much-needed help. The USDA reported April 17 that \$2.9 bil. of the total would go to support dairy farmers, but details were not available until now.

The total direct payment will be comprised of two components to help compensate for lost revenue from drastic price drops and shifts in demand that ultimately led to milk being dumped. The first part of the plan includes a payment that reflects 80% of the decline in milk prices during January to March of this year. The USDA determined that 80 percent of the price drop is equal to \$4.71 per hundredweight. The first portion of the direct payment will be calculated by taking a farm's first quarter 2020 milk production and multiplying it by \$4.71 per hundredweight. The second part of the payment will address 25% of the projected loss in second quarter 2020. First quarter 2020 production will be multiplied by 1.014 to adjust for increased spring production and then multiplied by \$1.47/cwt, which is what the USDA reports is 25% of the expected milk price drop between April and June 2020.

Payments will be paid in two allotments. The first payment will represent 80% of the total payment and will be issued in early June. The final 20% will be issued later at a date yet to be determined. The USDA said it was splitting the payment into two allotments to make sure they do not run out of funds prior to all enrollees getting an initial payment. Dumped milk production during the months of January, February, and March 2020 is eligible to be included for direct payments. USDA has clarified that per-head payments for beef cattle do not include dairy cull cows.

To receive CFAP direct payments, you must first sign up at your local Farm Service Agency (FSA) office. Unfortunately, due to COVID-19, FSA offices are closed to the public. To sign up, call your local FSA office to set up an appointment. The signup process will be completed electronically whenever possible.

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

In the final rules, the cap for direct payments was changed from \$125,000 per commodity with a \$250,000 cap per person or entity to \$250,000 per person across all commodities. However, an exemption exists for corporations, LLCs, and limited partnerships that will allow up to three owners or entities to qualify for the payments. For example, if a dairy has two owners actively involved in the farming operation, the direct payment limit would be \$500,000. This direct payment could be significant for helping you make it through to better milk prices, but it is only available if you sign up for it. You may sign up for CFAP direct payments with your local FSA office beginning on Tuesday, May 26, 2020.

If you have questions about any of this information, please join us for our dairy industry conference call planned for Tuesday, May 26 at 12:30 p.m. — the same day you can begin applying for direct payments. Cynthia Walters from the FSA, along with other panelists, will be on the call to answer questions you submit about the direct payment process. To join the call, Dial (978) 990-5000 via free conference call and enter Access Code 553371#.

CFAP Direct Payment Examples

1st Quarter Production	Total Payment	1st Allotment	2nd Allotment
250,000	\$15,501	\$12,401	\$3,100
500,000	\$31,003	\$24,802	\$6,201
750,000	\$46,504	\$37,203	\$9,301
1,000,000	\$62,006	\$49,605	\$12,401
2,000,000	\$124,012	\$99,209	\$24,802
4,000,000	\$248,023	\$198,419	\$49,605

CME DAILY FUTURES & OPTIONS TRADING — MAY 19, 2020 AT THE CLOSE

	MAY-20	JUN-20	JUL-20	AUG-20	SEP-20	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	MAR-21	APR-21	TREND			
CLASS III MILK FUTURES (\$/CWT)	12.27	17.28	16.82	16.47	16.38	16.49	16.47	16.23	15.90	15.89	16.03	16.01	↑↑			
<i>*AVG = Average basis for North-East and Mid-East</i>	11.73	14.60	15.30	15.95	16.33	16.53	16.37	16.16	15.78	15.78	15.85	15.74				
<i>WEEK AGO</i>																
HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED																
	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	17.40 01/20				
	10.39 04/20	11.16 04/20	13.11 04/20	14.31 04/20	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	14.62 03/20				
MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA 1.19	1.60	1.28	1.01	0.85	1.33	1.87	1.70	2.75	2.30	1.81	1.58				
<i>*MARGIN = Milk Price over Feed Cost</i>	*AVG 1.25	2.14	1.80	1.12	0.90	1.32	1.82	1.65	2.72	2.70	2.25	2.02				
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)																
	DMC 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		
	7.91	8.66	8.82	9.00	8.63	9.27	9.85	10.41	10.88	12.21	11.95	10.72	10.06	*9.15	↓↓	
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)																
	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	*APR-20	
	11.00	11.63	11.61	11.76	11.82	12.52	12.94	13.39	13.98	15.29	14.94	13.86	*13.18	*12.23	*7.98	↓↓
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)																
	10.46	10.37	11.21	11.54	11.52	11.48	12.73	13.17	13.09	13.76	13.78	13.10	*12.20	*11.24	*7.61	

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	JUL-20	SEP-20	DEC-20	MAR-21	Example Daily Strike	JUL-20	SEP-20	DEC-20	MAR-21			
	12.25 0.06	17.25 0.48	16.75 0.76	16.50 0.82	16.50 0.93	16.50 0.95	16.50 0.88	16.25 0.91	16.00 0.85	16.00 0.83	16.00 0.77	16.00 0.82
CORN (\$/BU) OPTIONS — CALLS	JUL-20	SEP-20	DEC-20	MAR-21	Example Daily Strike	JUL-20	SEP-20	DEC-20	MAR-21			
	3.05 18.20	3.20 18.60	3.40 18.60	3.60 18.00	Price / Premium	265 20.90	270 21.85	280 20.75	280 21.55			
	3.35 03.70	3.80 03.20	4.10 03.60	4.40 03.40		295 02.80	320 03.00	340 03.70	360 03.40			

CORN FUTURES (\$/BU)	JUL-20	SEP-20	DEC-20	MAR-21	MAY-21	JUL-21	SEP-21	DEC-21	JUL-21	SEP-21	DEC-21	MAR-22	TREND
	3.194	3.242	3.340	3.464	3.540	3.592	3.592	3.656	3.754	3.812	3.846	3.756	↑↑
<i>*NEW</i>	<i>WEEK AGO</i>												
	3.182	3.224	3.324	3.452	3.530	3.584	3.570	3.636	3.734	3.794	3.830	3.729	
SOYMEAL FUTURES (\$/TON)	JUL-20	AUG-20	SEP-20	OCT-20	DEC-20	JAN-21	MAR-21	MAY-21	JUL-21	AUG-21	SEP-21	OCT-21	TREND
	285.5	287.3	288.8	290.0	293.1	294.0	291.7	290.2	292.5	293.2	292.4	290.6	↓↓
<i>*NEW</i>	<i>WEEK AGO</i>												
	290.6	291.2	292.3	292.9	295.4	296.5	292.8	290.4	292.7	293.6	293.2	293.4	

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *APR. 2020	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	CME DAIRY CASH-SETTLED FUTURES (\$/LB)	MAY	JUN	JUL	AUG	SEP	OCT	NOV	SPOT CASH 05/19/20	TREND	
	*APR. 7.48	*5.71	*7.61	NFDM	0.850	0.977	1.030	1.050	1.082	1.090	1.102	↑↑	0.9850	↑↑
	*PREV MO 7.66	8.43	11.24	WHEY	0.378	0.365	0.375	0.378	0.378	0.377	0.371	↓↓	0.3825	↓↓
	YR AGO 7.09	8.41	11.21	BUTTER	1.275	1.685	1.722	1.750	1.775	1.773	1.790	↑↑	1.6050	↑↑
				CHEESE	1.320	1.825	1.779	1.743	1.731	1.739	1.730	↑↑	See Below	
				CME SPOT CHEESE:	BARRELS 1.7825 / 40 LB BLOCKS 1.8500		↑↑ / ↑↑							

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	*CURRENT FEDERAL ORDER VALUES (\$/LB) * = *NEW
CL I ADV ↓↓	WEIGHTED AVG. 4-WK APR. 1-25, 2020
CL II ↓↓	PRODUCT VALUE MAKEAPOOL NET
CL III ↓↓	CHEESE 1.4026 2.0003 1.2023 ↓↓
CL IV ↓↓	BUTTER 1.2630 0.1715 1.0915 ↓↓
ALL-MILK-U.S. 11.40 (APR) 18.00 (MAR) ↓↓	NFDM 0.9552 0.1678 0.7874 ↓↓
ALL-MILK-PA 18.90 (MAR) ↓↓	DRYWHEY 0.3732 0.1991 0.1741 ↓↓
3.96F	
MONTH AGO	
12.95 16.75 16.25 14.87 18.90 19.40	
YEAR AGO	
17.01 16.61 15.04 15.71 17.50 18.50	

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. APRIL 1, 2020 sale New Holland, PA)	NO REPORT since 4/1/20			
COWS Fresh 1125	Bred 800	Springing N/A	HEIFERS: Bred 775	Beef x (bred) 875
Open: 300-600 lbs	600-900 lbs	800-1200 lbs	700	
FOUR WEEK RUNNING AVG				
1075	950	850	750	850
Avg. of prices reported by USDA Market News for PA Auction Markets May 14, 2020				
FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)				
Choice & Prime 1250-1550 lbs light test 89.00 75.00 88.50 ↑↑				
BULL CALVES: No. 1 & 2, 90-130 lbs 91.00 82.00 115.00 ↑↑				
BULL CALVES: No. 1 & 2, 90-130 lbs 70-85 lbs 72.00 N/A 75.00				
CULL MARKET COWS (\$/CWT LIVEWEIGHT)				
Premium White N/A	Breakers 63.50 ↑↑	Boners 61.00 ↑↑	Lean 51.00 ↑↑	
FIVE WEEKS AGO				
N/A	54.25	56.85	47.85	
YEAR AGO				
N/A	67.85	66.50	54.00	

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