

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, JUNE 16, 2020 — except where noted



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April Commercial Disappearance: Seems like every week I start this column with some comment about COVID-19 and the disruption it has caused and is still causing. Unfortunately, that is the reality we live in right now. COVID-19 has disrupted nearly every sector of the U.S. economy. The USDA collects and reports numerous statistics each month for all sectors of agriculture. At the end of each month, I write an article that provides an overview of what I believe is the most relevant and interesting statistics from the most recently published USDA data. For example, cow numbers, production and export value are a few statistics I report each month. But, as I said, this is only the "tip of the iceberg" to what data is available.

A more detailed set of dairy data I compile can be found in the form of the U.S. Dairy Industry Scorecard and the PA Dairy Industry Scorecard that I update and post monthly on the Center webpage at www.centerfordairyexcellence.org/scorecards. You can view the data by clicking through the interactive tables or download the full scorecard from the page. Even this is not a complete list.

Dairy news is dominated by the volatility of milk price and how dairy product sales have been positively and negatively impacted by the pandemic. Using data published by USDA that I normally do not report, I thought it would be interesting to look at commercial disappearance of dairy, which is an indicator of demand.

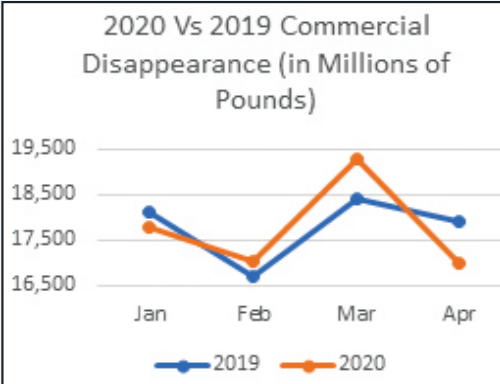
Around the 15th of each month, the USDA releases an Excel report that includes monthly and annual dairy product disappearance data. It takes time for the USDA to get data collected and into a format that can be presented. So, on June 15, the USDA released April 2020 commercial disappearance data.

April total commercial disappearance was equal to 16.99 billion pounds of milk-equivalent dairy products. This is 5.2% lower than April 2019. At the beginning of April, 16.9 billion pounds of milk-equivalent dairy prod-

ucts were in stocks across the country, an increase of 4.8% over last year. Milk production in April was 18.7 billion pounds, an increase of 1.14% over last April. The slight increase in milk production is not substantial enough to have had a large impact on end-of-month stocks. The month-ending stocks include exporting 696 million milk-equivalent pounds and importing 532 million milk-equivalent pounds, both down 10.3% and 5.2%, respectively. This resulted in April having month-ending stocks of 19.0 billion pounds of milk-equivalent dairy products in U.S. inventories, an increase of 11.2% compared to last April. Perhaps much of the increase in month ending stocks can be attributed to the lack of sales to food service establishments.

Total cheese disappearance this April dropped 10.6%, compared to April 2019, to 916.1 mil. pounds. Prior to COVID-19, food service was the major cheese buyer in the U.S.

So far, May experienced the lowest milk price due to COVID-19. It will be interesting to see what commercial stocks and disappearance look like when the next report is released on July 14th.



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 — JUNE 16, 2020 AT THE CLOSE

	JUN-20	JUL-20	AUG-20	SEP-20	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	MAR-21	APR-21	MAY-21	TREND			
CLASS III MILK FUTURES (\$/CWT)	20.64	19.42	17.89	17.36	17.01	16.81	16.22	16.11	16.01	16.06	16.10	16.18	↓↓			
WEEK AGO	20.56	19.60	17.92	17.49	17.14	16.97	16.55	16.20	16.25	16.22	16.28	16.32				
HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED	20.64 06/20	19.60 06/20	18.26 06/20	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	17.30 01/20				
MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA 1.60	1.28	1.01	0.85	1.33	1.87	1.70	2.75	2.30	1.81	1.58	1.19				
*AVG 2.14	1.80	1.12	0.90	1.32	1.82	1.65	2.72	2.70	2.25	2.02	1.25					
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 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		
	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	*6.03	↓↓	
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 Price / Premium	JUL-20	SEP-20	DEC-20	MAR-21			
	20.75 0.09+	19.50 0.70	18.00 0.87	17.25 0.86	17.00 0.97	16.75 0.95	16.25 0.90	16.00 0.88	16.00 0.92	16.00 0.89	16.00 0.88	16.25 0.87
CORN (\$/BU) OPTIONS — CALLS	JUL-20	SEP-20	DEC-20	MAR-21	Example Daily Strike Price / Premium	JUL-20	SEP-20	DEC-20	MAR-21			
	3.05 18.20	3.20 18.60	3.40 18.60	3.60 18.00		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
	3.302	3.350	3.426	3.536	3.600	3.650	3.650	3.716	3.816	3.870	3.910	3.800	↓↓
WEEK AGO	3.262	3.316	3.414	3.532	3.600	3.654	3.662	3.730	3.830	3.880	3.920	3.830	
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
	287.8	289.7	291.0	292.2	294.9	295.6	295.0	294.4	296.6	297.2	296.7	295.1	↓↓
WEEK AGO	288.8	291.3	293.4	295.1	298.5	299.4	298.2	297.5	299.8	300.5	299.8	298.4	

PA MILK MARGIN & IOFC-LATEST PSU VALUES — *MAY 2020	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	CME DAIRY CASH-SETTLED FUTURES (\$/LB)	JUN	JUL	AUG	SEP	OCT	NOV	DEC	SPOT CASH	TREND
*MAY	*7.50↑↑	*4.61↓	*6.41↓	NFDM	0.944	1.045	1.085	1.121	1.139	1.155	1.170	↑↑	1.0125↑↑
*PREV MO	7.48	5.71	7.61	WHEY	0.348	0.337	0.342	0.350	0.345	0.341	0.340	↓↓	0.3150↓
YR AGO	7.06	8.65	11.54	BUTTER	1.753	1.945	1.970	1.965	1.967	1.967	1.950	↓↓	1.8225↓
				CHEESE	2.185	2.050	1.897	1.822	1.796	1.774	1.716	↓↓	See Below
				CME SPOT CHEESE: BARRELS	2.3250 / 40 LB BLOCKS		2.5000						↓↓ / ↓↓

**USDA FEB 2020 ** ALL-MILK BF MAILBOX	*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	*CURRENT FEDERAL ORDER VALUES (\$/LB) *NEW					
*CL I ADV↑↑	CL II ↓↓	CL III ↓↓	CL IV ↓↓	ALL-MILK-US	ALL-MILK-PA	WEIGHTED AVG. 4-WK MAY 1-30, 2020	MAY 2020 COMPONENTS
*16.56(JUL)	12.30(MAY)	12.14(MAY)	10.67(MAY)	14.40(APR)↓	15.30(APR)↓	PRODUCT VALUE MAKE ALLOW NET	PROT 2.0918 ↓↓
				3.94F	3.93F	CHEESE 1.2990 0.2003 1.0987 ↓↓	B.FAT 1.3756 ↑↑
						BUTTER 1.3074 0.1715 1.1359 ↑↑	N.FAT 0.6746 ↓↓
						NFDM 0.8492 0.1678 0.6814 ↓↓	OTHER 0.1882 ↓↓
						DRYWHEY 0.3818 0.1991 0.1827 ↓↓	

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. APRIL 1, 2020 sale New Holland, PA)	NO REPORT since 4/1/20										
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
				FOUR WEEK RUNNING AVG							
	1075	950	850	750	N/A	850	300	N/A	475	600	750
Avg. of prices reported by USDA Market News for PA Auction Markets June 11-16, 2020	FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)				CURRENT	8 WEEKS AGO	YR AGO				
	Choice & Prime 1250-1550 lbs light test				83.10	84.00	85.35 ↓↓				
	BULL CALVES: No. 1 & 2, 90-130 lbs				185.00	95.00	105.00 ↑↑				
	Premium White				70-85 lbs	195.00	97.00	75.00 ↑↑			
	Breakers										
	Boners										
	Lean										
	8 WEEKS AGO										
	YEAR AGO										
	66.75				65.85	61.25					

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