

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, JUNE 18, 2019 — except where noted



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Crop Progress and DMC Margin Calculation Change: It has been a challenging spring for field work. Corn and soybean plantings are running behind the 5-year average, according to the latest USDA Crop Progress Report published on June 17. Time will tell what effect the late planting will have on yields and futures pricing. We do know that late planting is affecting how many acres of corn and soybeans will be planted this year. In the top 18 corn states, only 92% of 2018 acreage will be planted this year. Soybean planting is 94% of 2018 acreage.

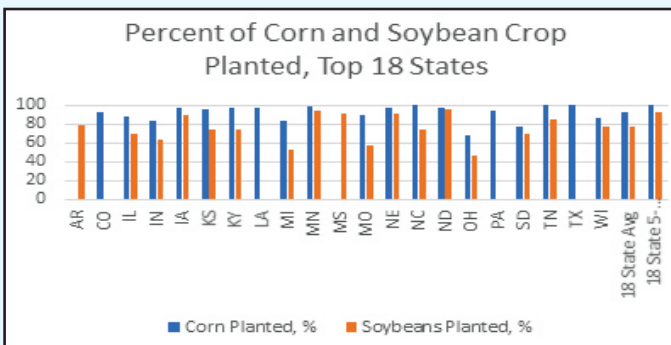
Pennsylvania corn planting is on schedule with the 5-year average at 94% completed. However, 86% of the corn has emerged, which is 2% less than the 5-year average suggesting that more corn was planted in the last week relative to the third week of June in the previous five years. The 5-year average for the top 18 states is to be finished planting by this time of year; however, 92% of the corn in the top 18 states has been planted. Only three of the top 18 corn states (North Carolina, Tennessee and Texas) have completed planting corn. Midwest states have been the most severely affected by current weather patterns. Ohio farmers are typically finished by this time of year and have only planted 68% of their crop.

Pennsylvania is not one of the top 18 soybean producers but much of the Midwest is. Soybean planting is 77% completed. The 5-year average is 93%. Ohio is only 46% complete. Typically, Ohio farmers have 94% of their beans in the ground by the third week of June. Other Midwest states have similar statistics. Hopefully, the Midwest will get dried out and they can get caught up soon.

Last week I provided an update on Dairy Margin Coverage (DMC) enrollment. Enrollment started on June 17. Prior to enrollment, a last-minute update was made to the margin calculation that benefits dairy farmers. The feed cost portion of the margin was changed to include a 50/50 percent blend of premium and supreme alfalfa hay prices. Previously, it

was based from the premium price. Supreme alfalfa, the highest grade of alfalfa hay, is more expensive. The blend increases feed cost, which lowers the margin. January to April margins were recalculated and represent an average drop in the DMC margin of \$0.23 per hundredweight over the first four months of 2019.

New margins for January to April are \$7.71, \$7.91, \$8.66 and \$8.82. This represents an increase in the indemnity payment of over \$2,800 to nearly \$19,400 for the first 5 million pounds covered at the \$9.50 margin. Total premium for the first 5 million pounds is \$7,225 or a net payment of about \$12,000 realized for Jan. through April. Current margins (June 14, 2019) show October and November to be the only months for the margin to be above the \$9.50 margin coverage. If corn and soybean yields are reduced due to late planting, feed costs will increase, and Dairy Margin Coverage becomes even more appealing for a struggling milk market. The enrollment period for DMC ends on September 20, 2019.



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 18, 2019 AT THE CLOSE

	JUN-19	JUL-19	AUG-19	SEP-19	OCT-19	NOV-19	DEC-19	JAN-20	FEB-20	MAR-20	APR-20	MAY-20	TREND
CLASS III MILK FUTURES (\$/CWT)	16.28	16.87	17.17	17.39	17.46	17.36	16.95	16.49	16.42	16.50	16.52	16.64	↑↑
WEEK AGO	16.35	16.84	17.15	17.39	17.38	17.24	16.80	16.43	16.30	16.27	16.39	16.51	
HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED	16.85 02/17	16.90 02/17	17.17 06/17	17.39 06/17	17.46 06/19	17.36 06/19	16.95 06/19	16.49 06/19	16.42 06/19	16.50 06/19	16.52 06/19	16.64 06/19	
	13.75 01/18	13.62 01/18	13.62 01/18	13.55 01/18	13.75 01/18	14.08 11/18	14.60 11/18	14.62 11/18	14.63 11/18	14.59 11/18	14.65 11/18	15.12 01/18	
MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA 1.28	1.01	0.85	1.33	1.87	1.70	2.75	2.30	1.81	1.58	1.19	1.60	
*AVG	1.80	1.12	0.90	1.32	1.82	1.65	2.72	2.70	2.25	2.02	1.25	2.14	
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 APR-18	MAY-18	JUN-18	JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	*JAN-19	*FEB-19	*MAR-19	*APR-19
	6.62	6.78	7.37	6.72	7.43	8.26	8.96	8.66	7.85	*7.71	*7.91	*8.66	*8.82
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)	APR-18	MAY-18	JUN-18	JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	JAN-19	FEB-19	MAR-19	*APR-19
	9.82	10.04	10.40	9.62	10.24	11.00	11.73	11.40	10.63	10.79	11.00	11.22	↑↑ estimated 11.60
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)	10.25	10.71	11.10	10.26	10.04	11.01	11.68	11.29	10.46	10.37	11.34	11.90	↑↑ estimated 11.93

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	16.25 0.03	16.75 0.08	17.25 0.33	17.50 0.46	17.50 0.49	17.25 0.49	17.00 0.58	16.50 0.60	16.50 0.66	16.50 0.65	16.50 0.66	16.50 0.64
JUL-19	DEC-19	MAR-19	JUL-20	Example Daily Strike	JUL-19	SEP-19	DEC-19	MAR-20				
CORN (\$/BU) OPTIONS — CALLS					SOYMEAL (\$/TON) OPTIONS — CALLS							
3.70 71.10	3.90 69.40	4.10 62.20	4.90 28.50	295 21.95	300 23.70	320 19.85	310 27.80					
4.70 02.00	6.90 02.20	6.10 07.20	6.70 04.50	310 07.00	340 05.30	410 02.25	390 04.70					

CORN FUTURES (\$/BU)	JUL-19	SEP-19	DEC-19	MAR-20	MAY-20	JUL-20	SEP-20	DEC-20	MAR-21	MAY-21	JUL-21	SEP-21	TREND
	4.410	4.462	4.532	4.586	4.602	4.610	4.250	4.152	4.252	4.320	4.370	4.146	↑↑
WEEK AGO	4.300	4.382	4.484	4.562	4.584	4.602	4.276	4.184	4.262	4.316	4.356	4.166	

SOYMEAL FUTURES (\$/TON)	JUL-19	AUG-19	SEP-19	OCT-19	DEC-19	JAN-20	MAR-20	MAY-20	JUL-20	AUG-20	SEP-20	OCT-20	TREND
	316.9	318.2	319.8	321.4	325.0	326.8	327.5	327.4	328.1	326.3	327.5	327.4	↓↓
WEEK AGO	319.9	320.8	322.4	324.1	327.9	329.3	329.6	330.0	331.5	331.5	331.3	329.8	

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *MAR. 2019	*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 06/18/19	TREND
*MAR	6.73 ↓↓	8.93 ↑↑	11.90 ↑↑	NFDM	1.041	1.050	1.067	1.074	1.087	1.102	1.110	1.0500	↓↓
*PREV MO	6.56	8.51	11.34	WHEY	0.363	0.347	0.344	0.341	0.340	0.344	0.348	0.3425	↓↓
YR AGO	6.10	7.43	9.90	BUTTER	2.367	2.397	2.420	2.432	2.427	2.390	2.335	2.3625	↓↓
				CHEESE	1.695	1.762	1.796	1.818	1.825	1.819	1.779	See Below	↑↑
				CME SPOT CHEESE: BARRELS	1.6450	40 LB BLOCKS	1.7800	↑↑	↓↓				

USDA FEB. 2019 ALL-MILK MAILBOX	*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	CL I ADV↑↑	CL II↑↑	CL III↑↑	CL IV↑↑	ALL-MILK-U.S	ALL-MILK-PA	*WEIGHTED AVG. 2-WK JUNE 1-15, 2019	MAY 2019 COMPONENTS
*FL \$20.50 \$18.31	*17.18 (JULY)	16.48 (MAY)	16.38 (MAY)	16.29 (MAY)	17.70 (APR)↑↑	18.30 (APR)↓	3.89F	*CHEESE 1.6745 0.2003 1.4742 ↓↓	*PROT 2.1159 ↑↑
*N. ENGL \$18.10 \$18.06								*BUTTER 2.3622 0.1715 2.1907 ↑↑	*B.FAT 2.5718 ↑↑
*APPAL \$18.60 \$17.24								*NFDM 1.0407 0.1678 0.8729 ↓↓	*N.FAT 0.8386 ↑↑
*SE \$17.10 \$17.10								*DRYWHEY 0.3669 0.1991 0.1678 ↓↓	*OTHER 0.1847 ↓↓
*NY \$17.90 \$16.86									
*PA \$17.90 \$16.72									
*OH \$17.40 \$16.67									
*U.S. \$16.80 \$16.24									
*MI \$16.30 \$16.18									
*WI \$15.80 \$14.82									

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. June 12, 2019 sale New Holland, PA) *MOST RECENT REPORT	COWS Fresh	Bred	Springing	HEIFERS: Bred	Springing	Open:	300-600 lbs	600-900 lbs	900-1200 lbs	BULLS (600-1800 lb)
	1215	1150	1055	810	1000	300	525	600	925	
FOUR WEEK RUNNING AVG	1175	1100	1025	900	1025	300	525	600	850	
Avg. of prices reported by USDA Market News for PA & NY Auction Markets June 13-18, 2019							FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)	CURRENT	WEEK AGO	YR AGO
CULL MARKET COWS (\$/CWT LIVEWEIGHT)							Choice & Prime 1250-1550 lbs light test	85.85	84.35	82.00
Premium White							BULL CALVES: No. 1 & 2, 90-130 lbs	105.00	55.00	125.00
Breakers							80-90 lbs	75.00	N/A	65.00
Boners										
Lean										
	N/A	66.75 ↓↓	65.85 ↑↑	61.25 NC						
	N/A	WEEK AGO	67.00	61.25						
	N/A	YEAR AGO	69.00	60.50						

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