

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, JUNE 30, 2020 — except where noted



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JUNE: We will celebrate our nation's 244th anniversary on July 4, 2020. Pennsylvania is rich in Revolutionary War history, including the formal signing of the Declaration of Independence in Philadelphia on July 4, 1776. With recent events of the COVID-19 pandemic and renewed civil rights discussions, it is easy to lose sight of how far we have come as a nation in those 244 years. We are not a nation without flaws, but with compromise and openness, we will come out of these challenges a better nation. At the base of it all is U.S. agriculture. Without the advances U.S. farmers have made since our nation began, we would not be where we are now. One percent of the nation feeds the other 99% plus other families across the globe. You are the backbone of our country.

At the close of the market on Friday, June 26, 2020, average Class III for the next 12 months was continuing the trend of increased milk prices. Average Class III milk futures price was \$17.23 per cwt, \$1.21 higher than the average at the end of May 2020. Class IV milk price for the next 12 months averaged \$15.32, continuing a trend of increasing price at \$0.77 per cwt higher than this time last month. May Class III and IV prices closed at \$12.14 and \$10.07, respectively. These prices represent the lowest prices since 2009.

May U.S. milk production decreased to 18.84 billion pounds, a 1.14% drop over May 2019. This indicates that the drastic measures taken by the dairy industry to reduce milk production – in response to shifts in demand caused by COVID-19 – worked. Dairy cow slaughter was down to 233,300 head, nearly 10% compared to last May despite anticipated heavy culling to meet mandated milk production decreases. The national dairy herd increased to 9,370, a 0.40% increase from last year but a decrease of 11,000 head compared to April 2020. The reduction in milk supply was accomplished by a 1.53% reduction in per cow milk production. The average U.S. lactating cow produced 74.6 pounds per day this May compared to 75.7 pounds in May 2019.

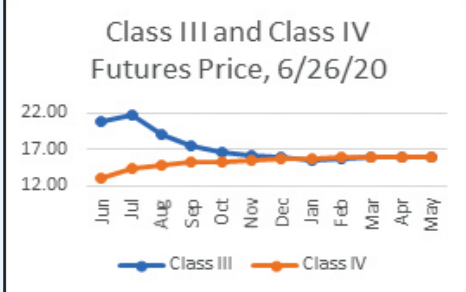
Pennsylvania milk production was down to 865 million pounds, a 2.5% decrease compared to May 2019. Cow numbers decreased 2.0% to 483,000 head, while milk production per cow fell 0.5% to 66.4 pounds per cow per day

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

per mature cow this May. Last year the average mature cow in Pennsylvania was producing 66.7 pounds per day.

April exports surprised many analysts by outperforming year over year value compared to April 2019. April exports were valued at \$512.5 million, an increase of 4.35% compared to last year. Increased export value is attributed to stronger than expected sales because of the extreme price drop that domestic prices experienced coupled with a devalued dollar. This made U.S. dairy prices attractive to some international customers. Dairy import values were down 12.15% to \$276.1 million compared to last April.

A couple weeks ago, Gov. Tom Wolf announced the Dairy CARES Program. This program takes federal money given to the Commonwealth to help its citizens affected by COVID-19. This program provides \$15 million to help reimburse dairy farmers for lost revenue due to dumped or displaced milk because of COVID-19. Any Pennsylvania dairy farmer that had to dump milk or was assessed a COVID-19 deduction by their milk marketer is eligible to receive reimbursement through this program. Applications are available online at <https://www.agriculture.pa.gov/Documents/Dairy%20Cares%20Reimbursement%20Application.pdf>. September 30, 2020 is the submission deadline for applications. If you do not have Internet access or want additional information, contact me at my contact information printed above or the Department of Agriculture at 717-787-3568.



CME DAILY FUTURES & OPTIONS TRADING — JUNE 30, 2020 AT THE CLOSE

	JUL-20	AUG-20	SEP-20	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	TREND		
CLASS III MILK FUTURES (\$/CWT)	22.35	19.75	17.91	17.00	16.60	16.14	15.84	15.97	16.21	16.18	16.27	16.36	↓		
CLASS IV MILK FUTURES (\$/CWT)	15.32	15.32	15.32	15.32	15.32	15.32	15.32	15.32	15.32	15.32	15.32	15.32	↓		
WEEK AGO	22.31	20.30	18.71	17.73	17.18	16.58	16.20	16.21	16.21	16.23	16.22	16.20			
HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED	22.35 06/20	20.56 06/20	18.71 06/20	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	17.30 01/20			
	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	14.56 03/20	14.56 03/20			
MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)	PA 1.28	1.01	0.85	1.33	1.87	1.70	2.75	2.30	1.81	1.58	1.19	1.60			
*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 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	*MAY-20	
	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	*5.37	
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)	OCT-19	NOV-19	DEC-19	JAN-20	FEB-20	MAR-20	APR-20	MAY-20	JUN-20	JUL-20	AUG-20	SEP-20	OCT-20	NOV-20	DEC-20
	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

	JUL-20	SEP-20	DEC-20	MAR-21	Example Daily Strike Price / Premium	JUL-20	SEP-20	DEC-20	MAR-21			
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium	22.25 0.28	19.75 0.90	18.00 1.04	17.00 0.95	16.50 0.93	16.25 1.08	15.75 0.97	16.00 0.99	16.25 1.06	16.25 1.13	16.25 1.07	16.25 1.09
CORN (\$/BU) OPTIONS — CALLS	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			
SOYMEAL (\$/TON) OPTIONS — CALLS	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			

	JUL-20	SEP-20	DEC-20	MAR-21	MAY-21	JUL-21	SEP-21	DEC-21	MAR-22	TREND			
CORN FUTURES (\$/BU)	3.482	3.504	3.604	3.714	3.770	3.806	3.724	3.776	3.862	3.912	3.952	3.844	↑
WEEK AGO	3.250	3.290	3.366	3.486	3.560	3.614	3.686	3.782	3.832	3.876	3.776	3.784	
SOYMEAL FUTURES (\$/TON)	292.7	295.5	297.9	300.1	304.6	305.6	303.9	302.6	304.3	305.2	304.9	303.3	↑
WEEK AGO	286.3	288.3	289.0	290.0	292.5	293.4	293.0	293.1	295.4	296.3	296.5	295.4	

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	SPOT CASH	TREND
PA MILK MARGIN & IOFC-LATEST PSU VALUES — *MAY 2020									
FEED COST (\$/CWT milk)	*MAY 7.50	↑							
IOFC (\$/COW @ 75 lbs milk)	*PREV MO 7.48		4.61	↓					
PA MILK MARGIN (\$/CWT milk)	YR AGO 7.06		5.71		7.61				
CME DAIRY CASH-SETTLED FUTURES (\$/LB)	JUL 1.010	AUG 1.028	SEP 1.060	OCT 1.077	NOV 1.090	DEC 1.110	JAN 1.125	06/30/20 1.0050	↓
WHEY	0.335	0.330	0.339	0.342	0.347	0.347	0.350	0.3175	↑
BUTTER	1.840	1.870	1.910	1.915	1.934	1.925	1.890	1.7650	↓
CHEESE	2.363	2.092	1.903	1.807	1.769	1.714	1.670	See Below	
CME SPOT CHEESE: BARRELS	2.4000 / 40 LB BLOCKS							2.6400	↑ / ↓

	CL I ADV	CL II	CL III	CL IV	ALL-MILK-U.S.	ALL-MILK-PA
*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	16.56	12.99	21.04	12.90	13.60	14.00
*CURRENT FEDERAL ORDER VALUES (\$/LB) *NEW	WEIGHTED AVG. 4-WK JUNE 1 - 27, 2020					
PRODUCT VALUE MAKEALLOW NET	*CHEESE	2.2152	0.2003	2.0149	↑	*JUNE 2020 COMPONENTS
	*BUTTER	1.7067	0.1715	1.5352	↑	*B.FAT 1.8591
	*NFDM	0.9106	0.1678	0.7428	↑	*N.FAT 0.7354
	*DRYWHEY	0.3638	0.1991	0.1647	↓	*OTHER 0.1696

	1125	800	N/A	775	N/A	875	260	N/A	425	N/A	700
CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. APRIL 1, 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 lbs)											
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 25-30, 2020											
FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)	Choice & Prime	1250-1550 lbs	light test	80.00		87.25	81.00	↑			
BULL CALVES: No. 1 & 2, 90-130 lbs	100.00	180.00	110.00	74.00	↑						
70-85 lbs	90.00	200.00	95.00	40.00	↑						

brought to you by:

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

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



*NEW

**USDA MAR 2020 ** ALL-MILK BF MAILBOX *NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)

Average to high dressing