

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, JULY 16, 2019 — except where noted



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Center for Dairy Excellence Programs: There is no question that the last few years have been a trying time for dairy farmers across the country. Margins have been better this year, but after a multi-year downturn, it will take time to recuperate. The Center for Dairy Excellence has resources available to help you make decisions that allow you to capitalize during the good times and survive the bad times.

The Center has several grants that Pennsylvania dairy farmers can apply to receive, including three team program grants. The first grant is the Dairy Profit Team grant. This grant is up to \$2,000 to cover the cost of paid team members and discovery-related costs. Profit teams usually consist of a dairy's most trusted advisors with a facilitator designated to coordinate the meetings and keep the team on task. Teams may include a financial advisor or the dairy's lender, nutritionist, veterinarian, or any other advisor the applicant deems necessary.

Do you have a son or daughter interested in taking over the farm one day or do you intend to turn your part of the dairy over to a business partner? The second team grant available through the Center helps you address how to accomplish these types of transitions. The Dairy Transition Team grant is designed to help farms establish a team to develop a succession plan.

Approved applicants can receive up to \$3,000 in funding to cover the cost of paid team members, discovery-related costs and lawyer fees. There are right and wrong ways to

transition a farm with many legal and tax ramifications that need to be considered. This grant helps dairy owners to determine the best way to transfer ownership to the next generation or to another entity.

Sometimes in order to be more profitable, expansion or diversification of an operation may be desirable. The last team grant the Center offers is the Dairy Transformation Team grant. This grant awards approved applicants up to \$5,000 to help plan and work through whatever that transformation looks like. If your transformation includes a renewable energy component, additional funding may be available.

Last week the Center launched an updated website at the same web address: www.centerfordairyexcellence.org. It has a more user-friendly format and is now mobile-friendly as well. The website includes additional information on the team grants, described above, as well as other grants and resources available to dairy farmers and industry professionals from the Center for Dairy Excellence.

Applications for the 2019-20 program will be available in late August. If you have participated in the grant programs this past year, the Center is eager to hear your feedback about how the team programs have benefited your business and how we can improve these programs throughout 2019-20. Email your suggestions to manderson@centerfordairyexcellence.org. Please check the website for grant updates or call the Center at 717-346-0849 for more information.

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 — JULY 16, 2019 AT THE CLOSE

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

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

*** = NEW**
FEED =
\$/CWT.
IOFC =
\$/COW

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

JUL-19	AUG-19	SEP-19	OCT-19	NOV-19	DEC-19	JAN-20	FEB-20	MAR-20	APR-20	MAY-20	JUN-20	TREND
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CLASS III MILK FUTURES (\$/CWT)												
17.31	17.50	17.72	17.73	17.52	17.04	16.67	16.52	16.56	16.67	16.80	16.97	↓
WEEK AGO												
17.38	17.80	17.96	17.96	17.78	17.28	16.83	16.70	16.67	16.74	16.85	16.93	

HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED												
17.38 07/19	17.90 07/17	17.98 07/19	17.99 06/19	17.83 07/19	17.30 07/19	16.83 07/19	16.67 07/19	16.73 07/19	16.77 07/19	16.86 07/19	16.97 07/19	
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 11/18	15.01 11/18	

MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)												
PA 1.01	0.85	1.33	1.87	1.70	2.75	2.30	1.81	1.58	1.19	1.60	1.28	
*AVG 1.12	0.90	1.32	1.82	1.65	2.72	2.70	2.25	2.02	1.25	2.14	1.80	

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 MAY-18	JUN-18	JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	DMC JAN-19	FEB-19	MAR-19	APR-19	*MAY-19
6.78	7.37	6.72	7.43	8.26	8.96	8.66	7.85	7.71	7.91	8.66	8.82	*9.00

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)												
MAY-18	JUN-18	JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	JAN-19	FEB-19	MAR-19	*APR-19	*MAY-19
10.04	10.40	9.62	10.24	11.00	11.73	11.40	10.63	10.79	11.00	11.63	*11.61	*11.58

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)												
10.71	11.10	10.26	10.04	11.01	11.68	11.29	10.46	10.37	11.34	*11.39	*11.21	*12.08

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium												
17.25 0.01	17.50 0.14	17.75 0.26	17.75 0.35	17.50 0.41	17.00 0.41	16.75 0.51	16.50 0.49	16.50 0.51	16.75 0.59	16.75 0.57	17.00 0.65	

SEP-19 CORN (\$/BU) OPTIONS — CALLS				Example Daily Strike Price / Premium		AUG-19 SOYMEAL (\$/TON) OPTIONS — CALLS		DEC-19		MAY-20		JUL-20	
4.40	15.60	4.20	38.60	4.60	30.20	4.50	40.50	310	04.85	310	17.30	330	13.70
5.20	02.10	5.50	07.00	5.40	12.00	5.60	13.10	330	00.60	380	01.90	410	02.25
								440		440		01.55	

CORN FUTURES (\$/BU)												
SEP-19	DEC-19	MAR-20	MAY-20	JUL-20	SEP-20	DEC-20	MAR-21	MAY-21	JUL-21	SEP-21	DEC-21	TREND
4.360	4.414	4.486	4.522	4.546	4.262	4.194	4.290	4.346	4.386	4.182	4.204	↑

WEEK AGO												
4.350	4.394	4.462	4.494	4.520	4.250	4.176	4.270	4.326	4.370	4.166	4.201	

SOYMEAL FUTURES (\$/TON)												
AUG-19	SEP-19	OCT-19	DEC-19	JAN-20	MAR-20	MAY-20	JUL-20	AUG-20	SEP-20	OCT-20	DEC-20	TREND
307.5	309.0	310.7	313.6	315.3	317.9	320.6	323.4	324.1	324.8	324.4	325.5	↓

WEEK AGO												
310.7	312.4	314.2	317.5	319.1	321.9	324.9	327.7	328.7	329.3	328.6	321.2	

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *JUNE 2019					CME DAIRY CASH-SETTLED FUTURES (\$/LB)					07/16/19 SPOT CASH			TREND
*FEED COST (\$/CWT milk)	*IOFC (\$/COW @ 75 lbs milk)	*PA MILK MARGIN (\$/CWT milk)	JUL	AUG	SEP	OCT	NOV	DEC	JAN	07/16/19	07/16/19	TREND	
*JUNE 7.02	*9.13 ↑	*12.18 ↑	1.042	1.030	1.043	1.056	1.071	1.083	1.095	1.0250	1.0250	↓	
*PREV MO 7.02	*9.06	*12.08	0.350	0.342	0.349	0.345	0.341	0.341	0.343	0.3225	0.3225	↑	
YR AVG 5.90	8.32	11.10	2.391	2.458	2.485	2.450	2.414	2.365	2.297	2.4350	2.4350	↑	
			CHEESE 1.808	1.827	1.845	1.847	1.827	1.779	1.737	See Below	See Below	↓	
			CME SPOT CHEESE: BARRELS 1.6900 / 40 LB BLOCKS 1.7750 ↓ / ↓										

* = NEW 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	JUNE 1-30, 2019	JUNE 2019 COMPONENTS					
*17.89(AUG)	17.30(JUN)	16.27(JUN)	16.83(JUN)	18.00(MAY) ↑	18.60(MAY) ↑	PRODUCT VALUE	MAKE ALLOW	NET	PROT	2.0046	↓		
				3.84F	3.77F	CHEESE	1.6910	0.2003	1.4907	↑	B.FAT	2.6579	↑
						BUTTER	2.3663	0.1715	2.1948	↑	N.FAT	0.8865	↑
						NFDM	1.0431	0.1678	0.8753	↑	OTHER	0.1702	↓
						DRYWHEY	0.3643	0.1991	0.1652	↓			

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. July 17, 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)			
1055	845	1000	750	1050		300	610	N/A	800			

FOUR WEEK RUNNING AVG					FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)				BULL CALVES: No. 1 & 2, 90-130 lbs			
1100	900	1050	800	1050	Choice & Prime 1250-1550 lbs	light test	83.50	N/A	83.00	60.00	88.00	↓
					80-90 lbs		57.00	20.00	40.00			

Premium White				Breakers		Boners		Lean	
N/A	67.00	STDY 66.60	↑	58.85	↑				