

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, JULY 21, 2020 — except where noted



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**Dietary Guidelines from Then to Now:** According to the USDA, the federal government has provided dietary advice to its citizens for over 100 years. I found an article online from the National World War II Museum that stated the first chart developed by the USDA was in 1943 and was called the "Basic 7 Food Chart." It showed a breakdown of what was considered the seven basic food groups. Two of the seven categories involved dairy. One category was fluid milk, milk powders and cheese, and the second category was the butter group. The government, through the USDA and Health and Human Services (HHS), has been trying to provide guidance on what a healthy diet is. It has been within my lifetime that the government has been providing official guidelines that government organizations use for regulating government feeding programs like Women Infants and Children (WIC), public school meals, and others. Many private health professionals rely on the national dietary guidelines in making dietary recommendations to their clients. According to the USDA's "History of the Dietary Guidelines" located on [dietaryguidelines.gov](http://dietaryguidelines.gov), the first scientific approach to making official dietary recommendations was the Dietary Goals for the U.S. published by the U.S. Senate Select Committee on Nutrition and Human Needs in 1977. In 1980, the Senate tasked the USDA and HHS to collaboratively revise the 1977 guidelines. The 1977 Dietary Goals for the U.S. and 1980 Dietary Guidelines were met with controversy by some groups because the validity of the science used to make the recommendations was called into question.

As a result, for the 1985 dietary guideline revision, the USDA and HHS put together a Dietary Guidelines Advisory Committee (DGAC) composed of scientific experts outside the government sector to provide the Senate with a scientific report they could then use to make federal recommendations. In 1990, Congress passed the National Nutrition Monitoring and Related Research Act that mandated the USDA and HHS to jointly issue a report

entitled Dietary Guidelines for Americans at least every five years. Since then, dietary guidelines have been released every five years. The DGAC recently released the 2020 scientific report, and the 2020 guidelines will be finalized and published later this year.

Over the years, the dietary guidelines have been relatively favorable to dairy. The dairy industry still has an uphill battle related to including milk fat consumption in moderation to be part of a healthy diet, but research over the last five years has shown significant health benefits related to heart health, type 2 diabetes, and reduction in hip fractures in later life. Some important guidelines recommended by the 2020 DGAC follow. Most important, the DGAC maintained the current recommendation of three servings per day of low-fat or fat-free dairy for children two years old through adults.

Until the 2015 guidelines, the recommendation was for two to three servings. For the first time, the DGAC included recommendations for infants and toddlers 6 to 24 months old. Yogurt and cheese were listed as complimentary foods for infants 6 to 12 months old. For toddlers 12 to 24 months old, the DGAC recommends one and half to two servings per day from the dairy group, including whole milk. The DGAC also increased the evidence grade for the association between dairy intake as part of a healthy eating pattern and bone health among adults from limited to moderate.

The DGAC report also states that future research should evaluate how different whole foods (including dairy) contribute to health outcomes. This type of research will add further support to help get full-fat dairy back into the dietary guidelines. It will take time and additional research to provide the advisory committee with enough evidence to change its stance on milk fat. In the meantime, let us not forget what guidelines are already in place that benefit dairy.

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 21, 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		
<b>*CLASS III MILK FUTURES (\$/CWT)</b> <i>15 cents to \$1.20 higher for third consecutive week, far off contracts steady to weak</i>	24.32	23.30	21.36	19.45	18.03	17.00	16.45	16.50	16.50	16.50	16.53	16.60	↑↑		
<b>*CLASS IV MILK FUTURES (\$/CWT)</b> <i>Mostly 20 cents lower for third consecutive week, far off contracts steady</i>	13.80	13.95	14.45	14.70	14.97	15.23	15.49	15.63	15.93	16.00	16.05	16.10	↓↓		
----- HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED -----															
	24.34 07/20	23.30 07/20	21.36 07/20	19.45 07/20	18.03 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			
<b>MILK BASIS (\$/CWT) — PA BASIS &amp; 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)</b>															
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			
<b>MPP/DMC OFFICIAL GROSS MARGINS</b> 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	JUNE
	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	?
<b>U.S. AVG MILK MARGIN</b> 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)															
MAR-19	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	*8.77	*8.06
														*13.77	↑↑
<b>PA AVG MILK MARGIN</b> 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)															
MAR-19	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	*8.27	*6.79
														*12.65	↑↑

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																										
24.50	0.20	23.25	0.94	21.25	1.44	19.50	0.77	18.00	0.77	17.00	0.83	16.50	0.97	16.50	1.14	16.50	1.04	16.50	1.05	16.50	1.06	16.50	1.07			
SEP-20			DEC-20			MAR-21			SEP-21			Example Daily Strike Price / Premium			SEP-20			DEC-20			MAR-21			JUL-21		
CORN (\$/BU) OPTIONS — CALLS																										
3.05	23.50	3.20	22.60	3.40	20.60	3.60	22.70																			
3.40	03.20	3.90	02.50	4.40	02.00	4.50	03.70																			

CORN FUTURES (\$/BU)													
SEP-20	DEC-20	MAR-21	MAY-21	JUL-21	SEP-21	DEC-21	JUL-21	SEP-21	DEC-21	MAR-22	DEC-22	TREND	
3.274	3.346	3.446	3.514	3.564	3.574	3.650	3.744	3.800	3.842	3.730	3.750	↓↓	
----- WEEK AGO -----													
3.336	3.444	3.516	3.574	3.576	3.640	3.730	3.782	3.826	3.732	3.754	3.758		

SOYMEAL FUTURES (\$/TON)													
AUG-20	SEP-20	OCT-20	DEC-20	JAN-21	MAR-21	MAY-21	JUL-21	AUG-21	SEP-21	OCT-21	DEC-21	TREND	
286.6	289.4	290.8	294.2	295.7	296.3	296.8	298.7	299.5	299.8	298.6	299.8	↑↑	
----- WEEK AGO -----													
285.8	288.6	290.0	293.4	294.9	295.6	296.0	297.9	298.6	298.7	297.7	298.7		

*NEW PA MILK MARGIN & IOFC—LATEST PSU VALUES — *JUNE 2020					CME DAIRY CASH-SETTLED FUTURES (\$/LB) 07/21/20									
FEED = \$/CWT	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)		JUL	AUG	SEP	OCT	NOV	DEC	JAN	SPOT CASH 07/21/20		
*JUNE	*7.25↑↑	*9.48 ↑↑	*12.65 ↑↑		0.998	0.996	1.042	1.070	1.091	1.115	1.133	↓ 1.0150 ↓↓		
IOFC = \$/COW	*PREV MO	7.21	5.10	6.79	0.342	0.319	0.317	0.330	0.340	0.343	0.350	MIXED 0.3200 ↑↑		
	YR AGO	7.28	8.64	11.52	1.741	1.760	1.794	1.780	1.790	1.808	1.820	↓ 1.6625 ↓↓		
					2.570	2.479	2.269	2.062	1.920	1.807	1.750	↑↑ See Below		
					CME SPOT CHEESE: BARRELS 2.4650 / 40 LB BLOCKS 2.6600							↑↑ / ↓↓		

**USDA MAR 2020 ** ALL-MILK BF MAILBOX													
*CL I ADV↑↑	CL II↑↑	CL III↑↑	CL IV↑↑	ALL-MILK-U.S	ALL-MILK-PA	*CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW						*JUNE 2020 COMPONENTS	
*19.78(AUG)	12.99(JUN)	21.04(JUN)	12.90(JUN)	13.60(MAY) ↓↓	14.00(MAY) ↓↓	WEIGHTED AVG. 4-WK JUNE 1 - 27, 2020	PRODUCT	VALUE	MAKEALLOW	NET			
----- MONTH AGO -----						2.2152	0.2003	2.0149	↑↑	PROT 4.5349 ↑↑			
16.56	12.30	12.14	10.67	14.40	15.30	1.7067	0.1715	1.5352	↑↑	B.FAT 1.8591 ↑↑			
----- YEAR AGO -----						0.9106	0.1678	0.7428	↑↑	N.FAT 0.7354 ↑↑			
17.89	17.30	16.27	16.83	18.00	18.70	0.3638	0.1991	0.1647	↓↓	OTHER 0.1696 ↓↓			

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. JULY 29, 2020 sale New Holland, PA) *MARKET STEADY, limited test on springers													
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)													
	1085	N/A	885	850	1075	950	375	N/A	575	635	1050		
----- MARCH COMPARISON -----													
	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 July 16-21, 2020													
FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT) CURRENT Beef X WEEK AGO YR AGO													
Choice & Prime 1250-1550 lbs light test 85.25 84.00 83.50 ↑↑													
BULL CALVES: No. 1 & 2, 90-130 lbs 80.00 200.00 95.00 80.00 ↓↓													
70-85 lbs 55.00 290.00 90.00 38.00 ↓↓													

Price averages do not include lower-end "common" cows and heifers.

Average to high dressing

Premium White 93.50 Breakers 63.75 ↓↓ Boners 63.25 ↓↓ Lean 61.35 ↓↓

8 WEEKS AGO 70.25 68.25 63.35

YEAR AGO 67.10 64.60 55.50

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