

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, JULY 23, 2019 — except where noted



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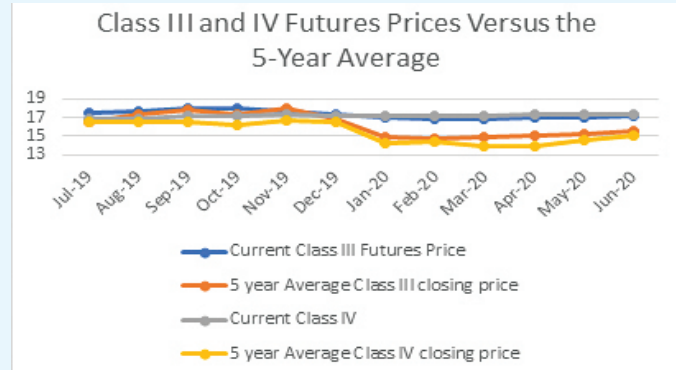
JULY: July milk prices continue to improve versus this time last month. As of July 22, 2019, Class III milk prices for the next 12 months were averaging \$17.31/cwt compared to \$17.00 this time last month. However, Class IV milk prices fell from \$17.29 the last week of June to \$17.16 this week. The current Class III price is trading \$1.14 per hundred-weight higher than the 5-year average. Class IV is below last month but is still trading \$1.75 higher than the 5-year average. The U.S. All Milk price hit \$18.00 this past May.

Export value in May reached a 4-year high at over \$539 million, bolstered by higher milk prices. Export volume in 2019 is on track to be the third highest year behind 2018 and 2014, according to USDEC, despite the impact of trade issues with China. Chinese imports of powder products and cheese are down 67% from last year. Total exports to the rest of our international customers are down only 1%. Exports to Mexico, our number one export market, are down 7%. It will be interesting to see how quickly exports to Mexico rebound now that tariffs on dairy products have been lifted. The U.S. is making significant gains in Southeast Asia, Japan and South Korea with cheese as the shining star.

For the second month in a row, U.S. milk production was down compared to one year ago. According to the USDA, milk production was down to 18.2 billion pounds, a 0.4% decrease under last year. Driving this decrease in production is likely the hotter weather and declining cow numbers. Cow numbers in June dropped for the fifth consecutive month and down 0.84% from June 2018. The national herd is now 9.323 million head, about 80,000 less than June 2018. Pennsylvania milk production and cow numbers followed the same trend. Pennsylvania cow numbers dropped 6% from June 2018 to 490,000 head, and production dropped over 7 percent to 838 million pounds. May dairy cow slaughter was 5.3% higher than May 2018.

Dairy product stocks and production remain strong. May butter production was down over 3% with June stocks down 2.63% versus 2018. June cheese stocks were down 0.51%, while May production was up 1.71% versus 2018. May powder production was up over 4% and stocks were up 8.74% versus May 2018. The USDA will publish June butter production, cheese production, powder production and powder stocks the first week of August.

It has been a tough few years for the dairy industry. So far, 2019 has been a much better year and looks like it will continue to get better. Milk futures going through 2020 look promising as well. Risk management will be key going forward to help manage risk in the volatile dairy market. The Center has resources to help you. Contact us at 717-346-0849 to see how we can help you manage risk and set up your operation for success through the future.



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 23, 2019 AT THE CLOSE

	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	
CLASS III MILK FUTURES (\$/CWT)	17.40	17.66	17.98	17.93	17.72	17.30	16.96	16.83	16.80	16.89	16.98	17.08	↑↑	
CLASS IV 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	16.93		
WEEK AGO														
HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED														
17.40 07/19 17.90 07/17 17.98 07/19 17.99 06/19 17.83 07/19 17.30 07/19 16.96 07/19 16.83 07/19 16.80 07/19 16.89 07/19 16.98 07/19 17.08 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	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		DEC-19		MAR-19		JUL-20		Example Daily Strike Price / Premium		AUG-19		DEC-19		MAY-20		JUL-20								
CORN (\$/BU) OPTIONS — CALLS																								
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	330	16.05	330	00.60	380	01.90	410	02.25	440	01.55	
CORN FUTURES (\$/BU)																								
4.240	4.306	4.396	4.434	4.464	4.240	4.180	4.274	4.334	4.374	4.194	4.220													
WEEK AGO																								
4.360	4.414	4.486	4.522	4.546	4.262	4.194	4.290	4.346	4.386	4.182	4.204													
SOYMEAL FUTURES (\$/TON)																								
306.3	308.0	309.7	312.8	314.7	317.7	320.6	323.5	324.6	325.3	325.1	326.6													
WEEK AGO																								
307.5	309.0	310.7	313.6	315.3	317.9	320.6	323.4	324.1	324.8	324.4	325.5													

PA MILK MARGIN & IOFC—LATEST PSU VALUES — JUNE 2019																						
FEED COST (\$/CWT MILK)	7.02	IOFC (\$/COW @ 75 LBS MILK)	9.13	PA MILK MARGIN (\$/CWT MILK)	12.18	CME DAIRY CASH-SETTLED FUTURES (\$/LB)								07/23/19 SPOT CASH		TREND						
JUNE	7.02	PREV MO	7.02	YR AVG	5.90	JUL	1.038	AUG	1.030	SEP	1.042	OCT	1.057	NOV	1.075	DEC	1.090	JAN	1.103	MIXED	1.0100	↓↓
WHEY	0.361	0.362	0.366	0.363	0.364	0.363	0.359	↑↑	0.3450	↑↑												
BUTTER	2.391	2.393	2.420	2.419	2.380	2.341	2.290	↓↓	2.3600	↓↓												
CHEESE	1.811	1.835	1.863	1.861	1.842	1.796	1.765	↑↑	See Below													
CME SPOT CHEESE: BARRELS 1.7175 / 40 LB BLOCKS 1.8300														↑↑	/	↑↑						

* = NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)														
CL I ADV	↑↑	CL II	↑↑	CL III	↓↓	CL IV	↑↑	ALL-MILK (U.S.)	18.00	ALL-MILK-PA	18.60	WEEK AGO		
	17.89	17.30	16.27	16.83	18.00	18.60	MONTH AGO		17.18	16.48	16.38	16.29	17.70	
YEAR AGO														
	14.15	15.48	15.21	14.91	16.20	16.70	CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW							
*WEIGHTED AVG. 4-WK JUNE 1-30, 2019														
PRODUCT	VALUE	MAKE	ALLOW	NET	JUNE 2019 COMPONENTS									
CHEESE	1.6910	0.2003	1.4907	↑↑	PROT	2.0046	↓↓	B.FAT	2.6579	↑↑	N.FAT	0.8865	↑↑	
BUTTER	2.3663	0.1715	2.1948	↑↑	B.FAT	2.6579	↑↑	N.FAT	0.8865	↑↑	OTHER	0.1702	↓↓	
NFDM	1.0431	0.1678	0.8753	↑↑										
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	1055	Bred	845	Springing	1000	HEIFERS: Bred	750	Springing	1050	Open:	300	600 lbs	600-900 lbs	900-1200 lbs	BULLS (600-1800 lb)	800
FOUR WEEK RUNNING AVG																
	1100	900	1050	800	1050	250	550	600	900							
Avg. of prices reported by USDA Market News for PA & NY Auction Markets July 18-23, 2019																
FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)																
Choice & Prime	1250-1550 lbs	light test	83.50	WEEK AGO	83.50	YR AGO	81.60	stdy								
BULL CALVES: No. 1 & 2, 90-130 lbs																
	80-90 lbs		80.00		57.00	140.00	↓↓									
BULL CALVES: No. 1 & 2, 90-130 lbs																
			80.00		75.00	57.00	↑↑									

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

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