

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, AUG. 4, 2020 — except where noted



ZACH MYERS
Risk Education
Manager
336-468-0726
zmyers@centerfordairy
excellence.org



CFAP deadline approaching: Plenty has happened over the last several months because of COVID-19. It has certainly been a roller coaster ride that does not seem to have stopped. The 2020 U.S. all-milk price has gone from a forecast of \$19.25 per cwt in January to a low of \$14.35 per cwt in April and has since rebounded to \$18.25 according to the July Livestock Dairy, and Poultry Outlook.

At the beginning of 2020, this year was expected to be the best milk price year since 2014, but April and May milk prices ended up being the worst in over 10 years. In mid-May, Class III and cheese product futures prices started to rally, culminating in Class III prices over \$20 per cwt and a cheddar cheese price that closed above \$3.00 per pound for the first time ever. **There are options available to help dairy farmers recoup some of the losses sustained from the COVID-19 market disruption.**

One of those options is the Coronavirus Food Assistance Program (CFAP) passed by the House and Senate and signed by the President in April. CFAP provided about \$2 billion for the USDA to use to make direct payments to dairy farmers to help offset losses in revenue due to the market disruption caused by COVID-19 during the first half of the year.

The application deadline is August 28, less than one month away. The CFAP payment roughly equates to \$6.20 per cwt of first quarter 2020 production.

The original guidelines for the program state that 80% of the payment will be paid out immediately upon application approval, and the final 20% would be paid later if sufficient funding is available. The USDA currently estimates that there will be funding for the additional 20% and that it will be paid in late August or early September.

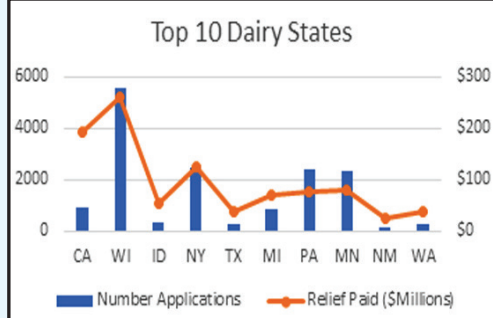
According to USDA data, over 22,000 applications from dairy farms across the country have been submitted and approved. Nearly \$1.4 billion in direct payments have been made to the nation's dairy farmers.

In Pennsylvania, 2,410 applications have been submitted, approved, and \$77.8 million in relief have been made to dairy farmers across the state.

Based on these numbers, there are still over 3,000 dairy farmers in Pennsylvania that have not applied. Applications must be filled out and returned to your local Farm Service Agency office. If you are one of those and would like to know more about the program, contact me or your local FSA office.

CFAP payments can be made to you through your cooperative if you do not want to receive it directly from FSA. If you are interested in this option, you will still have to complete the required documents and application with your local FSA office. Once that is completed, you will be able to fill out an additional document that allows the money to go to your cooperative. Your cooperative will then pay you the CFAP funds in your milk check.

In the last week I have talked to a couple dairy farmers who have said that the CFAP funds will help them get through these tough times until sometime in the fall of the year.



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 — AUG. 4, 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) <i>2020 contracts \$2 to \$2.50 lower; 2021 steady to 50 cents lower than a week ago</i> | 19.28 | 16.67 | 16.81 | 16.46 | 16.12 | 15.81 | 15.90 | 15.98 | 16.14 | 16.26 | 16.40 | 16.68 | ↓↓ |
| CLASS IV MILK FUTURES (\$/CWT) <i>mainly 50 cents to \$1.50 lower than a week ago</i> | 13.08 | 13.02 | 13.50 | 13.83 | 13.99 | 14.24 | 14.49 | 14.80 | 15.16 | 15.44 | 15.67 | 16.30 | ↓↓ |

| HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED | | | | | | | | | | | | | | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 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 |
| 14.31 | 04/20 | 14.61 | 03/20 | 14.52 | 11/18 | 14.52 | 11/18 | 14.52 | 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 | 1.01 | 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) | | | | | | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| 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 | *9.99 |

| 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-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 | *JUN-20 | *JUL-20 |
| | 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 | *15.96 |

| 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) | | | | | | | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|--------|--------|
| | 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 | *14.56 |

| CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium | | | | | | | | | | | | | | | | | | | | | | | |
|---|-------|--------|-------|--------|-------|--------|-------|--------------------------------------|-------|--------|-------|--------|-------|--------|-------|--------|------|-------|------|-------|------|-------|------|
| 19.25 | 0.25 | 16.75 | 0.92 | 16.75 | 0.96 | 16.50 | 0.87 | 16.25 | 0.92 | 15.75 | 0.71 | 16.00 | 0.91 | 16.00 | 10.94 | 16.25 | 0.92 | 16.25 | 1.02 | 16.50 | 0.99 | 16.75 | 1.12 |
| 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 | 270 | 19.65 | 270 | 25.70 | 280 | 21.05 | 280 | 24.75 | | | | | | | | |
| 3.40 | 03.20 | 3.90 | 02.50 | 4.40 | 02.00 | 4.50 | 03.70 | 300 | 02.00 | 330 | 02.15 | 330 | 03.95 | 360 | 02.75 | | | | | | | | |

| 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 | |
| 3.110 | 3.232 | 3.354 | 3.436 | 3.506 | 3.556 | 3.632 | 3.732 | 3.790 | 3.834 | 3.742 | 3.762 | Mixed | |
| WEEK AGO | | | | | | | | | | | | | |
| 3.154 | 3.262 | 3.382 | 3.456 | 3.520 | 3.546 | 3.616 | 3.716 | 3.774 | 3.820 | 3.704 | 3.724 | | |

| SOYMEAL FUTURES (\$/TON) | | | | | | | | | | | | | |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--|
| SEP-20 | OCT-20 | DEC-20 | JAN-21 | MAR-21 | MAY-21 | JUL-21 | AUG-21 | SEP-21 | OCT-21 | DEC-21 | JAN-22 | TREND | |
| 284.7 | 286.6 | 290.2 | 291.9 | 292.5 | 293.7 | 296.5 | 297.8 | 298.5 | 298.4 | 300.0 | 299.9 | ↓↓ | |
| WEEK AGO | | | | | | | | | | | | | |
| 289.9 | 291.9 | 295.8 | 296.9 | 296.8 | 297.4 | 299.5 | 300.4 | 300.7 | 299.8 | 300.9 | 301.2 | | |

| *NEW PA MILK MARGIN & IOFC—LATEST PSU VALUES — *JUNE 2020 | | | |
|---|-----------------------------|------------------------------|-----------|
| FEED COST (\$/CWT milk) | IOFC (\$/COW @ 75 lbs milk) | PA MILK MARGIN (\$/CWT milk) | |
| *JUNE | *7.25↑↑ | *9.48 ↑↑ | *12.65 ↑↑ |
| *PREV MO | 7.21 | 5.10 | 6.79 |
| *MI | 7.28 | 8.64 | 11.52 |

| CME DAIRY CASH-SETTLED FUTURES (\$/LB) | | | | | | | | | | 08/04/20 SPOT CASH TREND | |
|---|-------|-------|-------|-------|-------|-------|----------|----------|-----------|--------------------------|--|
| AUG | SEP | OCT | NOV | DEC | JAN | FEB | 08/04/20 | 08/04/20 | TREND | | |
| NFDM | 0.960 | 0.960 | 0.974 | 1.000 | 1.020 | 1.040 | 1.050 | ↓↓ | 0.9450 ↑↑ | | |
| WHEY | 0.330 | 0.317 | 0.319 | 0.325 | 0.330 | 0.335 | 0.324 | ↓↓ | 0.3300 ↓↓ | | |
| BUTTER | 1.595 | 1.605 | 1.633 | 1.673 | 1.398 | 1.696 | 1.740 | ↓↓ | 1.4250 ↓↓ | | |
| CHEESE | 2.055 | 1.798 | 1.805 | 1.771 | 1.730 | 1.706 | 1.715 | ↑↑ | See Below | | |
| CME SPOT CHEESE: BARRELS 1.8150 / 40 LB BLOCKS 1.9300 ↓↓ / ↓↓ | | | | | | | | | | | |

| **USDA MAR 2020 ** ALL-MILK BF MAILBOX | | | | | | *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 | 19.78(AUG) | *13.79(JUL) | *24.54(JUL) | *13.76(JUL) | *18.10(JUL)↓↓ | *16.30(JUL) | WEIGHTED AVG. 4-WK JULY 1-31, 2020 | PRODUCT VALUE | MAKE ALLOW | NET | *JULY 2020 COMPONENTS | | |
| 16.56 | 12.99 | 21.04 | 12.90 | 13.60 | 14.00 | 2.5873 | 2.5873 | 2.0003 | 2.3870 | ↑↑ | *PROT | 5.6294 | ↑↑ | | | | | |
| 17.89 | 17.61 | 17.55 | 16.90 | 18.10 | 18.80 | 1.7886 | 1.7886 | 0.1715 | 1.6171 | ↑↑ | *B.FAT | 1.9583 | ↑↑ | | | | | |
| MARCH COMPARISON | | | | | | | | | | | | 0.9717 | 0.1678 | 0.8039 | ↑↑ | *N.FAT | 0.7959 | ↑↑ |
| 1075 | 950 | 850 | 750 | N/A | 850 | 300 | N/A | 475 | 600 | 750 | 0.3440 | 0.1991 | 0.1449 | ↓↓ | *OTHER | 0.1492 | ↓↓ | |

| CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. JULY 29, 2020 sale New Holland, PA) *FIRM TO HIGHER limited test on springing heifers | | | | | | | | | | | | | | | | | | | | | |
|--|---------------|---------------|---------------|-----------|-------|-------------|--------|-------------|--------------|---------------------|------|-----|-----|-----|------|------|-----|-----|-----|-----|-----|
| 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) | 1185 | 900 | 950 | 750 | 1075 | 1095 | 350 | N/A | 575 | 655 | 975 |
| Price averages do not include lower-end 'common' cows and heifers. | | | | | | | | | | | | | | | | | | | | | |
| Avg. of prices reported by USDA Market News for PA Auction Markets July 30 - Aug. 4, 2020 | | | | | | | | | | | | | | | | | | | | | |
| FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT) | | | | | | | | | | | | | | | | | | | | | |
| Choice & Prime | 1250-1550 lbs | light test | 75.00 | 82.25 | 83.50 | ↑↑ | | | | | | | | | | | | | | | |
| BULL CALVES: No. 1 & 2, 90-130 lbs | | | | | | | | | | | | | | | | | | | | | |
| 70-85 lbs | 50.00 | 150.00 | 70.00 | 40.00 | ↓↓ | | | | | | | | | | | | | | | | |

brought to you by: