

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, AUG. 18, 2020 — except where noted



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**Crop Production:** One thing that COVID-19 has not affected this year is Mother Nature. For much of the U.S., 2020 has had an excellent growing season, especially in the Midwest where most of the nation's corn and soybeans are grown. The Pennsylvania growing season has not been as forthcoming with rainfall as other parts of the country.

According to the United States Drought Monitor, most of the western half of the state is either abnormally dry or experiencing moderate drought conditions. The eastern half of the state is not under drought stress.

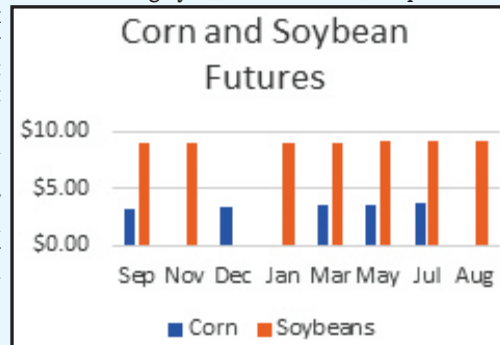
Around the 10th of each month, USDA releases its Crop Production report based on crop conditions on the first day of the month. Some extreme weather across the Midwest since the first of the month damaged some of the corn acreage that might influence the estimates next month. However, for now, this month's report is good news if you are a buyer, but not so much if you are selling.

According to the latest report, corn and soybean yields are expected to reach record highs and provide ample supply to keep feed prices down this year and next. An estimated 84.0 million acres of corn for grain were planted this year, 3% more acres compared to 2019. Corn yields are expected to reach a record high 181.8 bu/A this year. This is 14.4 bu/A more than 2019. Total corn yield is estimated at 15.3 billion bushels, 1.7 billion bushels more than last year. In Pennsylvania, an estimated 1 million acres of corn grain were planted, 60,000 acres less than 2019. Drought conditions in much of the state have lowered average yield per acre compared to last year. Corn yield is estimated to be 144 bu/A this year, down 9 bu/A compared to 2019. Total corn yield is estimated to be 144 million bushels, down 11% from 162 million bushels in 2019.

The U.S. soybean crop is also expected to be a bumper crop. An estimated 83 million acres of soybeans were planted this year across the country, 8,000 acres more than 2019. Soybean yield is estimated to reach a record

53.3 bu/A. This is 12% higher than last year's average yield of 47.4 bu/A. Total soybean production is estimated to be 4.4 billion bushels, 873 million bushels more than 2019. In Pennsylvania, an estimated 605,000 acres of soybeans were planted, about 5,000 acres less than 2019. The Pennsylvania soybean crop is expected to yield 47 bu/A, 2 bu/A less than last year. Total soybean production across the state is estimated to be 28.4 mil. bu., 1.5 mil. bu. less than 2019.

Last week, the USDA announced that the application deadline for the Coronavirus Food Assistance Program (CFAP) direct payments would be extended to September 11, 2020. If you have already applied and received the initial 80% payment, the remaining 20% payment will start processing beginning on Aug. 17. Applications received now until the deadline will receive 100% of the payment once the application is approved. The CFAP direct payment is roughly equivalent to \$6.20 per cwt of an applicant's first quarter milk production. This is roughly \$6,200 for each 100,000 pounds of first quarter milk production. Dairy farmers can elect to have the direct payment paid to them through their cooperative. Contact me or your local Farm Service Agency Office 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 — AUG. 18, 2020 AT THE CLOSE

	AUG-20	SEP-20	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	JUL-21	TREND		
<b>CLASS III MILK FUTURES (\$/CWT)</b> 2020 mixed, mostly steady to 30 cents higher; 2021 steady to 15 cents lower	19.84	16.00	16.92	16.91	16.47	16.21	16.22	16.35	16.41	16.45	16.61	16.73	Mixed		
<b>CLASS IV MILK FUTURES (\$/CWT)</b> steady to 80 cents higher Sept 2020 through July 2021	13.15	13.51	14.32	14.64	14.69	14.85	15.06	15.27	15.21	15.49	15.74	16.35	↑↑		
HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED															
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	17.12 01/20	17.12 01/20	17.01 01/20	17.01 01/20			
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	14.52 03/20	14.31 03/20	14.50 03/20	14.50 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 0.85	1.33	1.87	1.70	2.75	2.30	1.81	1.58	1.19	1.60	1.28	1.01				
*AVG 0.90	1.32	1.82	1.65	2.72	2.70	2.25	2.02	1.25	2.14	1.80	1.12				
<b>MPP/DMC OFFICIAL GROSS MARGINS per cwt. (USDA All-Milk, com/alfalfa hay &amp; Illinois soybean prices, feed for all classes of dairy cattle on the farm)</b>															
DMC	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	
	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	
<b>U.S. AVG MILK MARGIN per 100 lbs milk based on 75-lb herd avg &amp; USDA's All-Milk price, USDA-reported com &amp; alfalfa hay &amp; Ill. soybean prices (lactating feed only)</b>															
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
<b>PA AVG MILK MARGIN per 100 lbs milk based on 75-lb herd average and USDA's PA All-Milk price, USDA com &amp; alfalfa hay &amp; Buff., NY soybean prices (lactating feed only)</b>															
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	SEP-20	DEC-20	MAR-21	SEP-21	Example Daily Strike Price / Premium	SEP-20	DEC-20	MAR-21	JUL-21
19.75 0.07	16.00 0.92	17.00 1.08	17.00 1.08	16.50 1.02	16.25 1.00	16.25 0.97	16.25 0.89	16.50 1.01	16.50 0.98
16.50 0.98	16.50 0.98	16.50 0.98	16.50 0.98	16.50 0.98	16.50 0.98	16.50 0.98	16.50 0.98	16.50 0.98	16.50 0.98

CORN (\$/BU) OPTIONS — CALLS	SEP-20	DEC-20	MAR-21	SEP-21	Example Daily Strike Price / Premium	SEP-20	DEC-20	MAR-21	JUL-21
3.00 12.60	3.20 14.50	3.40 14.40	3.70 16.10	3.30 00.50	265 19.15	270 20.75	270 23.45	280 21.50	280 21.50
3.30 00.50	4.00 01.20	4.10 02.50	4.50 03.50		290 00.85	315 02.30	330 02.65	360 01.90	

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
3.250	3.396	3.526	3.606	3.664	3.680	3.744	3.840	3.840	3.894	3.934	3.852	3.876	↑↑
WEEK AGO													
3.114	3.234	3.352	3.432	3.494	3.536	3.612	3.714	3.714	3.774	3.822	3.742	3.762	

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
295.7	298.1	302.5	303.8	303.6	303.7	305.6	306.4	306.4	306.2	304.3	305.3	304.5	↑↑
WEEK AGO													
282.0	284.1	285.9	289.5	290.5	291.1	292.4	295.1	295.1	296.5	297.3	297.0	298.6	

PA MILK MARGIN & IOFC—LATEST PSU VALUES — * JULY 2020	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)
*JULY	*7.37↑↑	*10.92↑↑	*14.56↑↑
*PREV MO	7.25	9.48	12.65
*YR AGO	7.62	8.61	11.48

CME DAIRY CASH-SETTLED FUTURES (\$/LB)	AUG	SEP	OCT	NOV	DEC	08/18/20	JAN	FEB	SPOT CASH	TREND	
NFDM	0.923	1.019	1.066	1.094	1.115	1.132	1.147	1.147	1.0125	↑↑	
WHEY	0.336	0.316	0.324	0.324	0.325	0.332	0.330	0.330	0.3400	↑↑	
BUTTER	1.642	1.656	1.713	1.710	1.730	1.726	1.761	1.761	1.5200	↓↓	
CHEESE	2.113	1.723	1.810	1.815	1.765	1.744	1.743	1.743	See Below		
CME SPOT CHEESE:	BARRELS 1.4000 / 40 LB BLOCKS 1.7975										

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	CL I ADV	CL III	CL III	CL IV	ALL-MILK-U.S.	ALL-MILK-PA
*18.44(SEP)	13.79(JUL)	24.54(JUL)	13.76(JUL)	18.10(JUL)	16.30(JUL)	3.80F
MONTH AGO						
19.78	12.99	21.04	12.90	13.60	14.00	
YEAR AGO						
17.85	17.61	17.55	16.90	18.10	18.80	

*CURRENT FEDERAL ORDER VALUES (\$/LB) *NEW	WEIGHTED AVG. 4-WK JULY 1-31, 2020	PRODUCT	VALUE	MAKE ALLOW	NET	JULY 2020 COMPONENTS
CHEESE	2.5873	0.2003	2.3870	↑↑	PROT 5.6294	↑↑
BUTTER	1.7886	0.1715	1.6171	↑↑	B.FAT 1.9583	↑↑
NFDM	0.9717	0.1678	0.8039	↑↑	N.FAT 0.7959	↑↑
DRYWHEY	0.3440	0.1991	0.1449	↓↓	OTHER 0.1492	↓↓

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. AUG. 6, 2020 sale New Holland, PA) *STEADY, NO TEST ON BRED/SPRINGING heifers	1100	1050	950	N/A	N/A	N/A	N/A	N/A	350	665	1000
COWS: Fresh Bred Springing											
HEIFERS: Bred Beef x (bred) Springing Open: 300-600 lbs Beef X 600-900 lbs 800-1200 lbs BULLS(1100-1300 lb)											
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 Aug. 13-18, 2020	FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)	CURRENT	Beef X	WEEK AGO	YR AGO
Choice & Prime 1250-1550 lbs light test	82.00	82.00	82.00	82.00	86.50
<b>BULL CALVES:</b> No. 1 & 2, 90-130 lbs	95.00	95.00	220.00	95.00	95.00
70-85 lbs	95.00	200.00	95.00	N/A	↑↑

Premium White	Breakers	Boners	Lean
67.25 ↑↑	67.00 ↑↑	60.50 ↓↓	
8 WEEKS AGO			
N/A	66.50	65.10	60.60
YEAR AGO			
N/A	66.75	65.10	57.50

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