

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, AUG. 20, 2019 — except where noted



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



Crop Progress and corn silage harvest: Although I was not in Pennsylvania until December of 2018, I know that the crop season last year was extremely challenging. My home state, North Carolina, faced the same challenges with wet weather last year. Pennsylvania had over 28 inches more rainfall last year than average. The wet fall of 2018 contributed to poor corn silage quality across the Commonwealth due to not being able to chop corn when it was ready. This spring seemed to be a repeat of last year. Wet weather delayed corn planting, and some farmers were not able to get all their corn planted on time. The top 18 corn states only planted 92% of 2018 acreage this year.

The latest USDA Crop Progress Report shows that corn silking, dough stage and dent percentages in the top 18 corn states are running behind the 5-year average. Corn silking is at 95% versus the 5-year average of 99%. Only 55% of the corn is in the dough stage compared to a 76% 5-year average, and only 15% of the corn is dented compared to a 30% 5-year average.

One encouraging statistic reported in the Crop Progress Report for Pennsylvania is corn condition. The condition of the corn in Pennsylvania exceeds the top 18 state average for "Good" and "Excellent" condition: 75% of the corn in Pennsylvania is either "Good" or "Excellent" condition compared to 56% for the top 18 corn states. Corn condition in the field does not necessarily translate to high quality corn silage.

Several factors go into making quality corn silage. The top three, in my opinion, are the hybrid planted, chopping at the correct whole plant dry matter and getting the silo packed

properly. Different hybrids have different nutritional characteristics and any good seed company should be able to help meet your needs. It does not matter how the data looks in the seed catalog for a hybrid's corn silage quality if it is not harvested at the right time and properly stored.

Most nutritionists I have talked to over the years like to see the finished corn silage to be a minimum of 30% dry matter (DM), but ideally 32 to 36% DM. Any wetter than 30% brings a risk for an undesirable fermentation process and loss of nutrients throughout the year due to leachate. Silage dryer than 36% DM results in less digestible fiber in the corn plant and lower quality feed once it is ensiled.

Chopping silage at the right DM is not only important from a plant nutrition perspective, but also in getting the silage packed correctly. The key to a good fermentation process is to exclude as much oxygen as possible prior to covering the silo.

Dry silage does not pack well resulting in excess oxygen. Covering the silo is important as well. Regular silo covers allow some oxygen to pass through. It is widely recommended to cover a bunker silo with an oxygen barrier plastic prior to the typical black and white silo cover or use a double layer of black and white silo covers.

Please contact me, your local Penn State Dairy Extension agent or your nutritionist for more details on maximizing corn silage quality. Be safe this harvest season!

CME DAILY FUTURES & OPTIONS TRADING — AUG. 20, 2019 AT THE CLOSE

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

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



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

Average to high dressing

AUG-19	SEP-19	OCT-19	NOV-19	DEC-19	JAN-20	FEB-20	MAR-20	APR-20	MAY-20	JUN-20	JUL-20	TREND	
CLASS III MILK FUTURES (\$/CWT)													
17.81	17.70	17.71	17.42	16.97	16.52	16.40	16.45	16.54	16.63	16.78	16.94	↓↓	
WEEK AGO													
17.60	17.73	17.72	17.39	16.99	16.62	16.52	16.53	16.61	16.67	16.79	16.96		
HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED													
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	17.05 07/19		
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	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 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		
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 JUN-18	JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	DIC-18	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	*JUN-19
7.37	6.72	7.43	8.26	8.96	8.66	7.85		7.71	7.91	8.66	8.82	9.00	*8.63
↓↓													
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													
17.75 0.15	17.75 0.30	17.75 0.34	17.50 0.44	17.00 0.45	16.50 0.45	16.50 0.55	16.50 0.56	16.50 0.53	16.75 0.51	16.75 0.61	17.00 0.70		
CORN (\$/BU) OPTIONS — CALLS													
3.50 12.60	3.60 20.50	3.90 16.50	4.00 23.10										
3.70 01.10	4.40 03.00	4.60 04.00	5.00 04.40										
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	
3.624	3.702	3.854	3.902	3.966	4.004	4.056	4.160	4.214	4.252	4.140	4.150	MIXED	
WEEK AGO													
3.590	3.702	3.832	3.910	3.974	3.986	4.026	4.122	4.176	4.212	4.124	4.136		
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	
294.7	296.6	300.3	301.7	304.7	308.2	311.9	313.7	315.2	316.1	318.2	317.8	MIXED	
WEEK AGO													
294.6	296.4	299.9	301.5	304.8	308.7	312.8	314.5	316.0	316.7	318.9	319.4		

* = NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES - JUNE 2019			
FEED COST (\$/CWT MILK)	IOFC (\$/COW @ 75 LBS MILK)	PA MILK MARGIN (\$/CWT MILK)	
JUNE	7.02	9.13 ↑↑	12.18 ↑↑
PREV MO	7.02	9.06	12.08
YR AGO	5.90	8.32	11.10

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 08/20/19											SPOT CASH	TREND
	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	08/20/19
NFDM	1.026	1.030	1.042	1.055	1.067	1.080	1.091	↓↓	1.0275	↑↑		
WHEY	0.369	0.360	0.365	0.360	0.362	0.361	0.360	↓↓	0.3875	↑↑		
BUTTER	2.358	2.355	2.365	2.345	2.320	2.278	2.275	↓↓	2.3100	↓↓		
CHEESE	1.830	1.842	1.847	1.815	1.770	1.724	1.714	↓↓	See Below			
CME SPOT CHEESE: BARRELS 1.7100 / 40 LB BLOCKS 1.9100											↑↑	↓↓

* = 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	PRODUCT	VALUE	MAKE ALLOW	NET	* JULY 2019	COMPONENTS			
*17.85 (SEPT)	17.61 (JUL)	17.55 (JUL)	16.90 (JUL)	18.10 (JUN) ↑↑	18.80 (JUN) ↑↑	CHEESE	1.8238	0.2003	1.6235	↑↑	PROT	2.4032	↑↑	
MONTH AGO														
17.89	17.30	16.27	16.83	18.00	18.60	BUTTER	2.3893	0.1715	2.2178	↑↑	B.FAT	2.6858	↑↑	
YEAR AGO														
14.85	15.20	14.10	14.14	16.30	17.00	NFDM	1.0393	0.1678	0.8715	↓↓	N.FAT	0.8628	↓↓	
DRYWHEY 0.3631 0.1991 0.1640 ↓↓ OTHER 0.1689 ↓↓														

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. AUG. 21, 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)	
1035	885	1065		600	965		450	450	N/A	600	
FOUR WEEK RUNNING AVG											
1050	900	1050		700	975		400	550	600	700	
Avg. of prices reported by USDA Market News for PA & NY Auction Markets Aug. 15-20, 2019											
FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)											
Choice & Prime 1250-1550 lbs light test							86.50		86.00	83.00	↑↑
BULL CALVES: No. 1 & 2, 90-130 lbs							95.00		65.00	89.00	↑↑
BEEF CROSS							220.00				
NO COMPARISON											

Premium White	Breakers	Boners	Lean
N/A	66.75 ↑↑	65.10 ↓↓	57.50 nc
WEEK AGO			
N/A	66.50	66.00	57.50
YEAR AGO			
N/A	58.35	53.00	47.50

brought to you by: