

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — SEPT. 1, 2020 — except where noted



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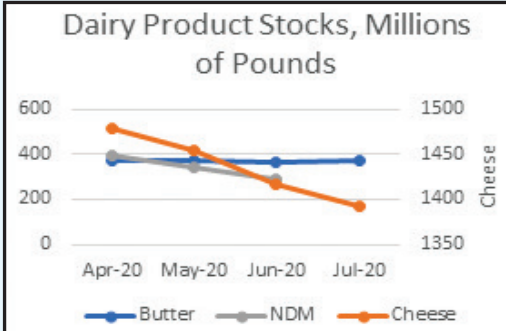
Dairy Product Stocks: After a brief one-month decline in national milk production in May, June and July, milk production returned to positive year-over-year growth with May milk production up 0.5% and July milk production up 1.5% compared with a year ago. Increased milk production, coupled with an overall decrease in dairy product sales, translates to growing dairy product stocks. Prior to COVID-19 dairy product stocks were building with increasing monthly milk production, but COVID-19's disruption has amplified this trend.

Butter and powder stocks have been more affected by the market disruption than cheese. Butter stocks have risen an average of 13% from April through July compared to the same time-frame last year. July butter stocks were estimated to be 373 million pounds. Nonfat dry milk (NDM) in storage has increased an average of 20% from April through June (July data is currently not available) compared to the same 2019 time-frame. June NDM was estimated to be 289 million pounds. However, June NDM stocks were down nearly 1% compared to June 2019. Shifts in demand have resulted in lower NDM production over the last couple of months. The cheap U.S. milk price along with the recent devalue of the U.S. dollar have bolstered exports resulting in May and June export volumes the highest in over two years. Much of this export volume has been driven by increased exports of milk powders, including NDM.

Cheese stocks through July have not been as affected by the COVID-19 market disruption as much as butter and NDM, but cheese stocks are still increasing. Cheese stocks have increased an average of 4% from April through July compared to the same 2019 timeframe. July cheese stocks are estimated to be 1.4 billion pounds. Cheap cheese prices in April and May led to record cheese exports in June. 38,427 tons of cheese were exported in June, 29% more than last year and the most ever one-month total. June export deliveries were purchased prior the Class III runup in mid-May. It will be interesting to see how July exports fared and what U.S. cheese stock estimates look like later in September when that information is published.

The Coronavirus Food Assistance Program (CFAP) application deadline was extended until Friday, September 11, 2020. CFAP provides direct payments to agriculture operations that had losses associated with COVID-19. The direct payment is roughly equal to \$620 per cwt of first quarter production. That is equivalent to \$6,200 for every 100,000 pounds of milk production a dairy farm had from January through March. To receive CFAP funds, you must apply through your local Farm Service Agency (FSA) office. If you applied earlier in the application process, you received 80% of the total payment once your application was approved. The last 20% of the CFAP payment was approved by USDA a few weeks ago and you should be receiving it soon if you have not already.

All applications approved from now until the deadline will receive one payment for the full amount. If there are reasons why you cannot or do not want to accept a direct payment from the government, you may elect to have your payment sent to your cooperative or milk marketer and then they will send your CFAP funds to you through your milk check. If you would like to take advantage of this option, you will still need to apply and complete the appropriate paperwork through your local FSA office. Contact me or your FSA office for more information about how to apply for CFAP payments.



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 — SEPT. 1, 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				
CLASS III MILK FUTURES (\$/CWT) <i>mixed, mostly weak to 50 cents lower than a week ago except front months Oct. contract picking up steam.</i>	19.81	15.88	18.27	17.41	16.82	16.15	16.14	16.26	16.26	16.39	16.60	16.77	↓↓				
CLASS IV MILK FUTURES (\$/CWT) <i>2020 contracts weak to 50 cents lower; 2021 steady to pennies higher than week ago.</i>	12.70	12.92	13.97	14.35	14.60	14.85	15.02	15.32	15.34	15.58	15.88	16.19	Mixed				
----- HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED -----																	
	21.36 07/20	19.45 07/20	18.27 09/20	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					
	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					
MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — <i>YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)</i>	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)	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	JUN-20	*JULY-20	
		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	*12.41	↑↑
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	19.75 CAB	16.00 0.21	18.25 0.63	17.50 0.80	16.75 0.77	16.25 0.81	16.25 0.80	16.25 0.81	16.25 0.80	16.50 0.92	16.50 0.84	16.75 0.98					
CORN (\$/BU) OPTIONS — CALLS	3.45 15.70	3.55 14.60	3.80 13.20	4.20 11.40	Example Daily Strike Price / Premium	285 20.25	300 15.15	300 20.45	310 18.80								
	3.65 04.30	4.00 02.70	4.50 02.60	5.00 03.50		325 01.25	360 01.15	380 02.45	410 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				
	3.496	3.586	3.692	3.756	3.794	3.772	3.834	3.920	3.972	4.010	3.914	3.950	↑↑				
	----- WEEK AGO -----																
	3.404	3.542	3.660	3.724	3.770	3.760	3.814	3.906	3.960	4.000	3.896	3.934					
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				
	302.3	304.9	310.2	312.3	312.8	313.2	314.0	314.1	312.9	310.3	310.8	310.4	↑↑				
	----- WEEK AGO -----																
	291.5	294.3	299.3	301.1	301.7	302.4	304.2	304.7	303.7	301.0	301.7	301.0					

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

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 09/01/20 SPOT CASH TRENDS												
	AUG	SEP	OCT	NOV	DEC	JAN	FEB	09/01/20	SPOT CASH	TRENDS		
NFDM	0.968	1.010	1.071	1.102	1.127	1.141	1.151	↑↑	1.0300	↑↑		
WHEY	0.334	0.320	0.315	0.315	0.322	0.330	0.332	↓↓	0.3350	↑↑		
BUTTER	1.528	1.519	1.620	1.655	1.675	1.700	1.730	↓↓	1.4650	↓↓		
CHEESE	2.115	1.718	1.965	1.871	1.805	1.731	1.739	↓↓	See Below			
CME SPOT CHEESE:	BARRELS 1.4450 / 40 LB BLOCKS 1.8025		↑↑ / ↓↓									

* = 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	WEIGHTED AVG. 4-WK AUG. 1-29, 2020	PRODUCT VALUE	MAKE ALLOW	NET	AUGUST 2020 COMPONENTS				
18.44(SEP)	*13.27(AUG)	*19.77(AUG)	*12.53(AUG)	*20.50(JUL)↑↑	*19.30(JUL)↑↑		*CHEESE	2.1099	0.2003	1.9096	↓	*PROT	4.4395	↓↓
				3.79F	3.77F		*BUTTER	1.5154	0.1715	1.3439	↓	*B.FAT	1.6275	↓↓
							*NFDM	0.9619	0.1678	0.7941	↓	*N.FAT	0.7862	↓↓
							*DRYWHEY	0.3338	0.1991	0.1347	↓	*OTHER	0.1387	↓↓

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. SEPT. 2, 2020 sale New Holland, PA) * STEADY to higher										
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)
1150	1050	1175	950	N/A	1050	300	N/A	550	650	825
----- 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. 27 - Sept. 1, 2020										
FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)										
Choice & Prime 1250-1550 lbs light test 86.00 84.25 81.35										
BULL CALVES: No. 1 & 2, 90-130 lbs 110.00 225.00 90.00 43.00										
70-85 lbs 95.00 250.00 60.00 200.00										

Premium White Breakers Boners Lean			
	67.00↑↑	66.25↑↑	56.75↓
	----- 8 WEEKS AGO -----		
	N/A	66.50	64.25
	----- YEAR AGO -----		
	N/A	66.25	65.35

brought to you by:

*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