

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, SEPT. 3, 2019 — except where noted



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LAST CALL: There are two weeks left before the 2019 Dairy Margin Coverage (DMC) enrollment period closes. September 20 marks the last day to enroll in DMC for the 2019 program year. It also marks the deadline to request a refund of Margin Protection Program premiums and receive the 25% premium discount for enrolling for the full five-year term of the 2018 Farm Bill (2019-2023).

The July margin was announced as \$9.27 per hundredweight. Each month of 2019 has triggered a payment at the \$9.50 per hundredweight margin coverage. What does this mean to Joe Dairyman? Joe Dairyman is an average Pennsylvania dairy farmer milking 83 cows and producing about 1.7 million total pounds of milk per year. Joe decides to visit his local Farm Service Agency and enroll in DMC.

He decides to enroll 95% of his production history (1.615 million pounds) at the \$9.50 margin coverage at a cost of \$0.15 per hundredweight plus a \$100 administration fee (\$2,522.50 total). The \$100 administration fee is due at the time of enrollment, but premiums are not due until September 20 and can be deducted from monthly indemnity payments. Coverage is retroactive to January 1, 2019. January to July margins are guaranteed, and each month triggers a payment for a total of \$8,748. Once his premium is subtracted, Joe has a net amount of \$6,225 in his bank account. If Joe had decided to receive the 25% annual premium discount by enrolling for the full 5-year term of the 2018 Farm Bill, his net payment would improve to \$6,831. This payment does not cover all Joe's expenses, but it certainly helps when milk prices have been low for so long.

As of September 2, over 18,000, or nearly 50%, of U.S. dairies have enrolled in DMC receiving a total payment of over \$245 million. Wisconsin leads the nation with over 5,000, or nearly 60% of its dairies enrolled, receiving a total payment of over \$60 million.

Pennsylvania has only 26% of its dairies enrolled in DMC, receiving a total payment of more than \$18 million. Pennsylvania is the only top 10 dairy state not to have at least 40% of its dairies enrolled in DMC. The \$18 million has helped over 1,600 Pennsylvania dairy farms, but there are millions more dollars available to the other 4,500 Pennsylvania dairy farmers. You must be willing to go to your local FSA office and enroll. Please do so before the September 20, 2019 deadline expires. It's the last call.

2019	Margin Above Feed Cost (\$/cwt)	Payment Triggered (\$/cwt)
July	9.27	0.23
June	8.63	0.87
May	9.00	0.50
April	8.82	0.68
March	8.66	0.84
February	7.91	1.59
January	7.71	1.79

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. 3, 2019 AT THE CLOSE

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)												
17.61	17.72	17.64	17.39	16.98	16.50	16.33	16.40	16.48	16.59	16.78	16.94	↑↑
WEEK AGO												
17.60	17.30	17.43	17.29	16.91	16.47	16.28	16.34	16.43	16.57	16.73	16.89	
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 JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	DMC JAN-19	FEB-19	MAR-19	APR-19	MAY-19	JUN-19	*JUL-19
6.72	7.43	8.26	8.96	8.66	7.85	7.71	7.91	8.66	8.82	9.00	8.63	*9.27
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)												
JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	*JUN-19	*JUL-19
9.62	10.24	11.00	11.73	11.40	10.63	10.79	11.00	11.63	11.61	11.76	*11.82	*12.24
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)												
10.26	10.04	11.01	11.68	11.29	10.46	10.37	11.34	11.39	11.21	11.54	*11.52	*12.74

SEP-19	DEC-19	MAR-20	JUL-20	Example Daily Strike Price / Premium	AUG-19	DEC-19	MAY-20	JUL-20
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium								
17.75 CAB	17.75 0.09	17.75 0.33	17.50 0.42	17.00 0.41	16.50 0.44	16.25 0.43	16.50 0.58	16.50 0.53
CORN (\$/BU) OPTIONS — CALLS								
3.50 12.60	3.60 20.50	3.90 16.50	4.00 23.10		290 05.80	290 14.65	310 13.55	310 17.25
3.70 01.10	4.40 03.00	4.60 04.00	5.00 04.40		325 00.50	350 01.10	370 02.30	410 01.55

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
CORN FUTURES (\$/BU)												
3.460	3.584	3.716	3.804	3.876	3.926	3.996	4.104	4.172	4.212	4.116	4.126	↓↓
WEEK AGO												
3.626	3.710	3.816	3.892	3.960	3.976	4.022	4.124	4.184	4.224	4.124	4.134	
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
292.2	294.6	298.5	300.1	303.0	306.6	310.8	312.7	314.4	315.3	318.1	318.7	MIXED
WEEK AGO												
294.0	296.1	299.7	301.0	303.6	306.8	310.5	312.3	313.8	314.6	317.0	317.4	

FEED = \$/CWT	*JULY	*PREV MO	YR AVO	IOFC (\$/COW @ 75 lbs milk)	*JULY 2019	PA MILK MARGIN (\$/CWT milk)	CME DAIRY CASH-SETTLED FUTURES (\$/LB)	09/06/19	JAN	FEB	SPOT CASH	TREND					
	7.31	7.28	5.90	9.56	12.74	11.10	AUG	1.032	1.045	1.058	1.070	1.081	1.091	1.102	↑↑	1.0475	NC
				8.64	11.52		SEP	0.369	0.372	0.375	0.370	0.372	0.369	0.367	↑↑	0.3900	↓
				7.70			OCT	2.367	2.244	2.265	2.263	2.250	2.241	2.238	↑↑	2.2100	NC
							NOV	1.827	1.842	1.830	1.808	1.762	1.714	1.700	↑↑	See Below	
							DEC	CME SPOT CHEESE: BARRELS 1.7425 / 40 LB BLOCKS 1.9400				↑↑	↑↑				

*NEW	ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)	CL I ADV	CL II	CL III	CL IV	*ALL-MILK-U.S.	*ALL-MILK-PA	*WEIGHTED AVG. 4-WK JULY 1-30, 2019	*JULY 2019						
		17.85	17.61	17.55	16.90	18.70	19.10	PRODUCT VALUE	MAKE ALLOW	NET					
						3.75F	3.68F	CHEESE	1.8238	0.2003	1.6235	↑↑	PROT	2.4032	↑↑
								BUTTER	2.3893	0.1715	2.2178	↑↑	B.FAT	2.6858	↑↑
								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. SEPT. 4, 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)
	1025	885	975	735	1065		300	550	N/A	825
	FOUR WEEK RUNNING AVG									
	1030	885	1000	725	1025		350	500	600	750
	Avg. of prices reported by USDA Market News for PA & NY Auction Markets Aug. 29 - Sept. 3, 2019									
	CULL MARKET COWS (\$/CWT LIVEWEIGHT)									
	Premium White	Breakers	Boners	Lean						
	N/A	66.25	65.35	56.50						
	WEEK AGO									
	N/A	68.00	66.50	57.25						
	YEAR AGO									
	N/A	57.75	57.75	51.50						

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