CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — **SEPT. 8, 2020** — except where noted

Fall Harvest: Ever since I can remember, Fall has always been my favorite time of year. I grew up in Wilkes County, North Carolina, at the foot a small mountain range called the Brushy Mountains, which is part of the larger Blue Ridge Mountains that stretch from Georgia to South Central Pennsylvania. There are several reasons why I enjoy this time of year.

North Carolina summers, even in the mountains, could be brutal with frequent 90-degree days and 90% plus humidity. It was difficult and expensive to minimize milk loss and maintain reproductive performance during summer months, with the gradual increasing somatic cell count as hot weather persisted also frustrating.

I enjoy all seasons for different reasons, but fall is always my favorite time of year. Being from the mountains and basically having a 270-degree view of mountains was always beautiful in the fall. The brilliant orange, red, and yellow leaves intermixed with browns and the occasional green evergreen was simply magnificent. All I had to do was look out the back of the freestall barn or walk out my back door to see the color. So many people drive for hours to see fall colors, and I was lucky enough to have it in my back yard.

When I was dairy farming, I liked fall best because it signified the end of hot weather and the start of happier cows. When talking to consumers, I tell them if you need a jacket to be comfortable, then a cow is happy. Cows are more comfortable, and they let you know it with increased milk production and pregnancy rates. That average somatic cell count also returns to a more favorable concentration.

With fall comes corn silage harvesting, and then you switch gears to spreading manure and planting cover crops and/or spring harvested crops. It is certainly a busy time, but most years it was very rewarding to me. I remember from a very young age, riding with my Dad while he chopped silage with a two-row pull behind New Holland corn chopper and dump wagon. We thought we really had moved up when we replaced it with the three-row John Deere, but we still used that dump wagon. The last year we used the dump wagon, I was 15 years old and had to drive a mid-1970's model Chevrolet C65 dump truck because we could not find enough help. Hilly ground and a dump wagon do not always mix. I never turned over, but I still remember the feeling, almost three decades later, when that initial slug of silage fell into the dump truck on a slight incline!

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Where am I going with this trip down memory lane in this Markets and Management column? I do not have to tell you that it has not been a good year for milk prices. The market volatility has been difficult, perhaps impossible, to navigate.

Coupled with that, a lot of Pennsylvania has been extremely dry, making corn harvest questionable as well. Even though finances may be tight, you can still love what you do. Remember why you love farming. Is it the cows, is it working with family, or is it some combination of numerous factors? Focus on the positives and what you can control. Do not take the beauty around you for granted, whether it be your environment or the relationships with family and friends surrounding you.

Remembering where you have been and knowing where you are now can help you learn to manage your way to where you want to be in the future. Sometimes life throws you curveballs. COVID-19 has definitely done that. I am in Pennsylvania because of one of those curveballs. I have moved from the southern Blue Ridge Mountains to the northern Blue Ridge Mountains, and I am looking forward the beauty of fall on my small part of the South Mountain range this 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 — SEPT. 8, 2020 AT THE CLOSE

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

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

	SEP-20	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	JUL-21	AUG-21	TREND
CLASS III MILK FUTURES ($/CWT) *Mixed, mostly higher -- 50 cents to $1.00 higher near-term, steadyish through 2021 vs. week ago*	16.85	18.81	17.39	16.52	16.08	16.12	16.27	16.31	16.45	16.84	16.80	16.85	Mixed
CLASS IV MILK FUTURES ($/CWT) *2020 contracts steady to 15 cents lower; 2021 steady to 25 cents higher than week ago.*	12.83	13.82	14.27	14.57	14.75	15.02	15.32	15.50	15.70	16.00	16.25	16.38	Mixed

HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED

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	
14.52 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** — ***YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)***

PA	1.33	1.87	1.70	2.75	2.30	1.81	1.58	1.19	1.60	1.28	1.01	0.85
*AVG	1.32	1.82	1.65	2.72	2.70	2.25	2.02	1.25	2.14	1.80	1.12	0.90

MPP/DMC OFFICIAL GROSS MARGINS *per cwt.(USDA All-Milk, corn/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	JUNE-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 corn & 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 corn & 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

16.75 0.18 **18.75** 0.91 **17.50** 0.93 **16.50** 0.95 **16.00** 0.85 **16.00** 0.74 **16.25** 0.79 **16.25** 0.76 **16.50** 0.88 **16.75** 0.96 **16.75** 0.90 **16.75** 0.92

Example Daily Strike Price / Premium	OCT-20 CORN ($/BU) OPTIONS — CALLS	DEC-20	MAR-21	SEP-21	OCT-20 SOYMEAL ($/TON) OPTIONS — CALLS	DEC-20	MAR-21	JUL-21
	3.45 15.70	3.55 14.60	3.80 13.20	4.20 11.40	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
	3.510	3.616	3.720	3.784	3.826	3.796	3.860	3.946	3.996	4.034	3.906	3.960	↑↑
WEEK AGO	3.496	3.586	3.692	3.756	3.794	3.772	3.834	3.920	3.972	4.010	3.914	3.950	

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
	307.2	309.4	314.6	316.7	317.1	316.9	317.4	316.9	315.5	311.6	311.3	310.7	↑↑
WEEK AGO	302.3	304.9	310.2	312.3	312.8	313.2	314.0	314.1	312.9	310.3	310.8	310.4	

*=NEW

FEED = $/CWT.

IOFC = $/COW

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) 09/08/20 SPOT CASH TREND

	SEP	OCT	NOV	DEC	JAN	FEB	MAR		09/08/20	
NFDM	1.000	1.050	1.085	1.105	1.126	1.141	1.154	↓↓	1.0300	NC
WHEY	0.315	0.310	0.314	0.316	0.330	0.332	0.335	↓↓	0.3325	↓↓
BUTTER	1.518	1.620	1.674	1.700	1.700	1.749	1.790	↑↑	1.5000	↑↑
CHEESE	1.820	2.028	1.873	1.777	1.720	1.721	1.738	mixed	See Below	

CME SPOT CHEESE: BARRELS 1.7150 / 40 LB BLOCKS 2.1525 ↑↑ / ↑↑

USDA MAR REVISED * ALL-MILK BF *MAILBOX

FL	$18.60	3.67	$20.17
APP	$19.80	3.87	$18.72
NENG	$19.00	3.96	$18.38
SE	$20.10	3.72	$18.35
OH	$18.90	3.97	$18.01
IL	$18.30	3.97	$17.92
PAwestern PA only			$17.91
MN	$18.20	4.07	$17.90
IN	$18.00	3.95	$17.75
PAeast	$18.90	3.96	$17.60
NY	$18.50	3.95	$17.58
A	$19.00	4.06	$17.36
*U.S.	$18.00	3.96	$17.19
*CA			$17.02
WI	$18.10	3.94	$16.93
TX	$18.30	4.25	$16.63
MI	$16.60	3.85	$15.78
NM	$15.40	3.84	$14.46

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

*** = NEW ANNOUNCED FEDERAL ORDER PRICES** ($/CWT)

	CL I ADV	*CL II	*CL III	*CL IV	*ALL-MILK-U.S	*ALL-MILK-PA
	18.44(SEP)	*13.27(AUG)	*19.77(AUG)	*12.53(AUG)	*20.50(JUL) ↑↑	*19.30(JUL) ↑↑
					3.79F	3.77F
MONTH AGO	19.78	13.79	24.54	13.76	18.10	16.30
YEAR AGO	17.85	17.61	17.55	16.90	18.70	19.20

***CURRENT FEDERAL ORDER VALUES** ($/LB) * = *NEW

WEIGHTED AVG. 4-WK AUG. 1-29, 2020

PRODUCT	VALUE	MAKE ALLOW	NET	
*CHEESE	2.1099	0.2003	1.9096	↓↓
*BUTTER	1.5154	0.1715	1.3439	↓↓
*NFDM	0.9619	0.1678	0.7941	↓↓
*DRYWHEY	0.3338	0.1991	0.1347	↓↓

AUGUST 2020 COMPONENTS

*PROT	4.4395	↓↓
*B.FAT	1.6275	↓↓
*N.FAT	0.7862	↓↓
*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 Sept. 3-8, 2020

CULL MARKET COWS ($/CWT LIVEWEIGHT)

	Premium White	Breakers	Boners	Lean
		62.00 ↓↓	61.35 ↓↓	52.50↓↓
8 WEEKS AGO	N/A	67.00	66.25	56.75
YEAR AGO	N/A	66.60	65.50	56.60

Average to high dressing

FED HOLSTEIN STEERS ($/CWT LIVEWEIGHT)

	CURRENT	Beef X	WEEK AGO	YR AGO	
Choice & Prime 1250-1550 lbs light test	84.00		86.00	N/A	↓↓
BULL CALVES: No. 1 & 2, 90-130 lbs	90.00	225.00	110.00	40.00	Stdy
70-85 lbs	45.00	250.00	95.00	200.00	Stdy

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