

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, SEPT. 17, 2019 — except where noted



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**Crop production:** The beginning of the 2019 growing season was challenging for much of the country. Corn and soybean planted acres were reduced compared to last year, and the last USDA Crop Production report indicates that challenging weather may have been a factor in reduced yields this year.

The last Crop Production report shows that 2019 corn production is forecasted to be 13.8 billion bushels, down 1% from the August forecast and down 4% from last year's corn production of 14.4 billion bushels. Corn yields are expected to average 168.2 bu/A. This is 1.3 bushels lower than the August forecast and 8.2 bushels lower than last year. Pennsylvania is expected to harvest about 960,000 acres of corn, up 10,000 acres from 2018. The yield is forecasted to be 155 bu/A, 4% higher than last year. The total corn harvest in Pennsylvania is expected to reach 148.8 million bushels, nearly 12% higher than 2018.

The U.S. soybean crop is following the same trend as corn. U.S. soybean production is forecasted to be 3.63 billion bushels, also 1% lower than August's projection, but 20% lower than 2018's production of 4.54 billion bushels. The 2019 soybean crop is expected to yield 47.9 bushels per acre, down 0.6 bushel from the August forecast and down 3.7 bushels from last year's 51.6 bushels per acre—a decline of 7%.

Pennsylvania is expected to harvest 625,000 acres of soybeans, down from 630,000 acres last year (0.7% decline). Pennsylvania yield is expected to be 48 bu/A, the same as August's projection but an increase of 6.7% over the 2018 yield. The additional yield projected this year results in a total soybean production of 30 million bushels. This is an additional 165,000 bushels, or 5.8% increase, over the 2018 soybean yield of 28.35 million bushels. The increase in corn and soybean projections over last year for Pennsylvania—especially when the U.S. total is projected to be down—suggests that the Commonwealth's crops were not as adversely affected by the early bad weather.

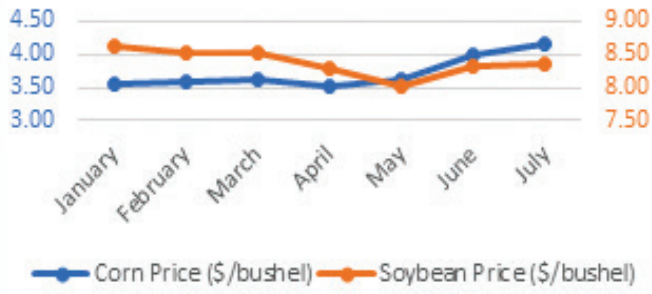
In general, the last several months have seen corn prices increase and soybean prices decrease. According to the National Agricultural Statistics Service

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

(NASS), corn price increased from \$3.56 per bushel in January to \$4.16 per bushel in July, a 17% increase. Although down from August, current USDA corn yield estimates are better than early industry expectations. Therefore, current CME corn futures are trading 60 to 80 cents below July's price. NASS soybean price has decreased, perhaps due in part to the current trade dispute with China. Soybean price declined from \$8.63 per bushel in January to \$8.02 per bushel in May before rising back to \$8.37 per bushel in July.

The next Crop Production report will be released in mid-October. Corn and soybean harvest should be further along by then, and better data should be available to more accurately predict yields. If yield projections continue to be adjusted down, and trade disputes endure, the effect on commodity prices may be hard to predict. Will prices increase or will they go down? I guess we will have to wait and see how everything works out.

NASS 2019 Corn and Soybean Prices



## CME DAILY FUTURES & OPTIONS TRADING — SEPT. 17, 2019 AT THE CLOSE

	SEP-19	OCT-19	NOV-19	DEC-19	JAN-20	FEB-20	MAR-20	APR-20	MAY-20	JUN-20	JUL-20	AUG-20	TREND	
<b>CLASS III MILK FUTURES (\$/CWT)</b>	18.29	18.99	18.15	17.34	16.72	16.48	16.40	16.50	16.65	16.81	16.99	17.17	↑↑	
	18.20	18.16	17.67	17.13	16.45	16.29	16.29	16.42	16.49	16.63	16.83	17.02		
WEEK AGO														
HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED														
	18.29 09/19	18.99 09/19	18.15 09/19	17.34 09/19	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	17.17 09/19		
	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	14.99 11/18		
<b>MILK BASIS (\$/CWT) — PA BASIS &amp; 2014-16 AVG OF PA/NY/VT/OH</b>	— 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		
<b>MPP/DMC OFFICIAL GROSS MARGINS</b> 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	↑↑
<b>U.S. AVG MILK MARGIN</b> 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	↑↑
<b>PA AVG MILK MARGIN</b> 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)														
	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	↑↑
	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	↑↑

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																								
18.25	0.06	19.00	0.53	18.25	0.56	17.25	0.49	16.75	0.57	16.50	0.56	16.50	0.60	16.50	0.55	16.75	0.63	16.75	0.60	17.00	0.66	17.25	0.73	
DEC-19				MAR-20				JUL-20				SEP-20				Example Daily Strike Price / Premium								
CORN (\$/BU) OPTIONS — CALLS																								
3.65	14.40	3.80	17.50	4.00	21.60	4.30	15.30	4.00	03.50	4.90	01.50	5.10	03.10	5.30	03.30									
SOYMEAL (\$/TON) OPTIONS — CALLS																								
280	17.15	280	28.45	290	26.20	290	29.70	310	03.10	370	01.85	370	03.00	370	04.20									

CORN FUTURES (\$/BU)													
DEC-19	MAR-20	MAY-20	JUL-20	SEP-20	DEC-20	MAR-21	MAY-21	JUL-21	SEP-21	DEC-21	JUL-21	TREND	
3.712	3.824	3.902	3.964	3.994	4.052	4.152	4.206	4.240	4.142	4.152	431.2	↑↑	
WEEK AGO													
3.600	3.722	3.816	3.890	3.942	4.020	4.130	4.194	4.234	4.126	4.140	4.135		

SOYMEAL FUTURES (\$/TON)													
OCT-19	DEC-19	JAN-20	MAR-20	MAY-20	JUL-20	AUG-20	SEP-20	OCT-20	DEC-20	JAN-21	MAR-21	TREND	
291.6	295.4	297.2	300.6	305.0	309.7	312.0	313.5	314.2	316.8	317.7	318.8	↑↑	
WEEK AGO													
291.0	294.7	296.6	300.0	304.3	308.7	310.8	312.4	313.3	315.5	316.9	317.2		

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *AUG. 2019				CME DAIRY CASH-SETTLED FUTURES (\$/LB)													
FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)		SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SPOT	TREND
*AUG	7.36	9.30 ↓↓	12.39 ↓↓	1.053	1.085	1.100	1.114	1.129	1.135	1.148	1.148	1.148	1.148	1.148	1.148	1.0700	↑↑
PREV MO	7.31	9.56	12.74	0.367	0.363	0.362	0.364	0.365	0.359	0.360	0.360	0.360	0.360	0.360	0.360	0.3975	↑↑
YR AGO	6.36	7.53	10.24	2.210	2.219	2.197	2.186	2.175	2.190	2.214	2.214	2.214	2.214	2.214	2.214	2.1500	↓↓
				1.905	1.985	1.899	1.815	1.725	1.724	1.723	1.723	1.723	1.723	1.723	1.723	See Below	↑↑
				CME SPOT CHEESE: BARRELS 1.8900 / 40 LB BLOCKS 2.1700										↑↑			

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	*AUGUST 2019 COMPONENTS							
*17.84(OCT)	17.60(AUG)	17.60(AUG)	16.74(AUG)	18.70(JUL)	19.10(JUL)	CHEESE	1.8239	0.2003	1.6236	↑↑	PROT	2.4430	↑↑				
				3.75F	3.68F	BUTTER	2.3659	0.1715	2.1944	↓↓	B.FAT	2.6575	↓↓				
						NFDM	1.0335	0.1678	0.8657	↓↓	N.FAT	0.8570	↓↓				
						DRYWHEY	0.3671	0.1991	0.1680	↑↑	OTHER	0.1730	↑↑				

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. SEPT. 11, 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 Sept. 12-17, 2019													
CULL MARKET COWS (\$/CWT LIVEWEIGHT)													
Premium White	Breakers	Boners	Lean										
N/A	64.00 ↓↓	58.50 ↓↓	55.75 ↓↓										
WEEK AGO													
N/A	66.60	65.50	56.60										
YEAR AGO													
N/A	59.00	56.25	47.25										

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