

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — OCT. 20, 2020 — except where noted



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Team Grants: I would wager that if the word "team" is mentioned without any other context, thoughts begin to form in your head of your favorite sports team. I am guilty of it. As I am writing this column, I cannot help but think about my alma mater, NC State, and the numerous Wolfpack football and basketball teams I have watched over the last four decades. I was six when I watched the famous last second airball turned slam dunk that won NC State the 1983 NCAA Basketball Championship (54-52 over Houston).

Another sector of the Pennsylvania dairy farm population may think about their favorite horses when thinking of the word "team". Regardless of the images it creates in your mind, there is a commonality. The Merriam-Webster dictionary defines "team" as "a number of persons associated together in work or activity." Other sources expand that definition to include "to achieve a common goal." Whether it is your favorite sports team or your favorite team of horses, the common thread is they work together to achieve a common goal.

Your dairy operation is also a team. Dairy teams come in all sizes—from the number of cows to the number of family members or employees. The most valuable players are your cows, and the rest of the team does everything possible to make sure your MVPs have the necessary resources they need to produce milk. If one person on the team does not do their job correctly, it can have a cascade of negative effects. If one milking shift decides to rush one day, more cows could be in your special attention herd with mastitis, resulting in reduced herd health and loss of saleable milk.

As a kid, most of the milking I did was when an employee could not work or simply did not show up for work. I helped my father milk or when I got older, milked that shift myself. Chores had to be shifted

or neglected to make sure the cows got milked.

The Center for Dairy Excellence is a team working together to strengthen the Pennsylvania dairy industry. One of the ways we accomplish this is by providing grants to Pennsylvania dairy farm families.

We offer three different types of team grants including Profit, Transition, and Transformation. A profit team usually consists of one or more farm representatives, a designated facilitator, and your closest advisors. It is a team of advisors that help you make the best management decisions and/or troubleshoot and correct any issues that are limiting profitability. **The Profit Team Grant** provides reimbursement up to \$1,500 for paid team members and discovery-related costs.

To figure out the best way to start transitioning your dairy to the next generation, you may want to consider a **Transition Team Grant**. This grant reimburses up to \$3,500 for paid team members, discovery-related costs, and lawyer fees.

Are you considering putting in robotic milkers, doubling your milking herd, or processing your own milk? If so, you should consider the **Transformation Team Grant**. This grant reimburses up to \$3,500 to establish a team to help plan and work through that transformation.

The application period for these grants is now open and is available on a first-come, first-serve basis for as long as the funding is available. For more information or to apply, visit <https://www.centerfordairyexcellence.org/grants>. Alternatively, you may contact Melissa Anderson at 717-636-0779. The Center is on your team, and we work towards the common goal of helping to ensure your dairy's success now and in the future.

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 — OCT. 20, 2020 AT THE CLOSE

	OCT-20	NOV-20	DEC-20	JAN-21	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	JUL-21	AUG-21	SEP-21	TREND
CLASS III MILK FUTURES (\$/CWT) Vs. week ago: <i>Yearend 25 cents to \$1.25 higher, Jan-Apr Steady to 50 cents higher; May-Sept Steady-10 cents lower</i>	21.46	21.49	19.34	17.59	16.75	16.67	16.48	16.51	16.55	16.80	16.82	16.87	↑↑
CLASS IV MILK FUTURES (\$/CWT) Vs. week ago: <i>10 to 25 cents lower Oct 2020 - May 2021, Steady to 10 cents higher June-Sept 2021</i>	13.52	14.07	14.04	14.30	14.62	15.11	15.32	15.65	15.90	16.05	16.28	16.50	↓↓

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

21.46 10/20	21.49 10/20	19.34 10/20	17.59 10/20	16.75 01/20	16.67 01/20	16.48 01/20	16.51 01/20	16.55 01/20	16.80 01/20	16.82 01/20	16.87 10/20	16.87 10/20
14.52 11/18	14.65 10/20	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	14.50 03/20	14.50 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	1.87	1.70	2.75	2.30	1.81	1.58	1.19	1.60	1.28	1.01	0.85	1.33
*AVG	1.82	1.65	2.72	2.70	2.25	2.02	1.25	2.14	1.80	1.12	0.90	1.32

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	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	*AUG-20
	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	*10.83

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-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	*AUG-20
	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	*12.59	*15.04	*12.77

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)																
	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	*AUG-20
	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	*9.44	*12.67	*11.93

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																							
21.50	0.08	21.50	1.06	19.25	1.08	17.50	1.15	16.75	1.19	16.75	1.22	16.50	1.04	16.50	0.99	16.50	0.97	16.75	0.92	16.75	0.93	16.75	1.03

CORN (\$/BU) OPTIONS — CALLS															
3.55	17.20	3.65	15.40	3.90	14.20	4.30	11.70	3.85	01.10	4.10	02.40	4.60	02.40	5.30	03.10

CORN FUTURES (\$/BU)												
DEC-20	MAR-21	MAY-21	JUL-21	SEP-21	DEC-21	MAR-22	MAY-22	JUL-22	SEP-22	DEC-22	JUL-23	TREND
4.136	4.166	4.184	4.180	4.014	3.994	4.052	4.062	4.066	3.944	3.972	4.074	↑↑

SOYMEAL FUTURES (\$/TON)												
OCT-20	DEC-20	JAN-21	MAR-21	MAY-21	JUL-21	AUG-21	SEP-21	OCT-21	DEC-21	JAN-22	MAR-22	TREND
378.8	373.0	364.0	357.2	354.6	348.9	340.2	329.0	328.0	326.3	318.4	316.0	↑↑

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *AUG. 2020												
FEED = \$/CWT	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
*AUG.	*6.70	*8.95	*11.93	1.070	1.120	1.122	1.131	1.140	1.166	1.184	1.1275	1.1275

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 10/20/20 SPOT CASH TREND 10/20/20												
NFDM	1.070	1.120	1.122	1.131	1.140	1.166	1.184	1.1275	1.1275	1.1275	1.1275	1.1275

ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)												
*CL I ADV	11.04	CL II	13.16	CL III	16.43	CL IV	12.75	ALL-MILK-U.S.	18.80	ALL-MILK-PA	18.10	TREND

CURRENT FEDERAL ORDER VALUES (\$/LB) * = NEW												
PRODUCT	VALUE	MAKE	ALLOW	NET	WGTED AVG. 4-WK SEP. 1-26, 2020	*SEPT 2020 COMPONENTS						
CHEESE	1.7741	0.2003	1.5738	1.1275	1.1275	1.1275						

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. OCT. 21, 2020 sale New Holland, PA) * Generally steady to weak												
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)		
1075	1125	1035	725	650	1025	250	275	525	N/A	800		

MONTH AGO COMPARISON												
1100	N/A	1125	925	N/A	975	300	N/A	500	750	800		

FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)												
Choice & Prime	1250-1550 lbs	light test	82.00	76.50	87.00							

BULL CALVES: No. 1 & 2, 90-130 lbs												
100.00	200.00	90.00	54.00	40.00								

Premium White Breakers Boners Lean												
55.50	57.60	45.25										

brought to you by:

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

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

* = NEW

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

Average to high dressing