

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, MAY 8, 2018 — except where noted

Be careful out there! Farmers are optimistic by nature. Warmer weather and green grass will always improve a farmer's outlook on life, even when margins are weak. This is Joe Dairyman's favorite time of the year, even though it is the most stressful. Each spring we look forward to record yields with profitable prices and put in long days to accomplish these goals.

Lower milk prices and the annual spring cash flow crunch are increasing Joe's daily stress. Don't let these distractions divert your focus from the job of the day. Check and adjust equipment each morning and maintain the safety shields. Ventilate gasses from silos and enclosed manure pits before working in those areas. Watch out for children who may wander into the work area. Keep a steady pace on those hectic days and recognize that fatigue and stress can cause serious farm accidents. Apply manure, fertilizer, and chemicals away from waterways and streams. Take the time to properly record all pesticides applications on the fields and any antibiotics used on livestock. Be careful out there!!

Stress is a normal part of life, but the tight margins over the past couple of years are adding even more pressure than normal. Headaches, backaches, eating irregularities, sleep disturbances, or exhaustion are physical signs of chronic stress. Listen to neighbors and family members showing these symptoms. Helpful guidance is available at <http://centerfordairyexcellence.org/stress-management-resources/>. Take some time to sit on the porch with your family to watch the corn grow and the heifers graze this spring.

The November Class III futures contract has gained \$1.00 since the beginning of the year -- eliminating MPP payment projections this fall. Market fundamentals do not support a strong surge in prices. Registering for Margin Protection Program coverage before June 1 can provide some cash payments

to offset this spring's low margins and defend your business from a surprise price shock due to a geopolitical incident, trade war or another unforeseen event. Call your local Farm Service Agency office to set up an appointment. The Penn State extension dairy team will hold several MPP question and answer webinars and meetings. Contact your local agent or register at <https://extension.psu.edu/mppdairy>. I am also available to answer questions at 717-420-7448.



ALAN ZEPP
Risk Management
Program Manager
717-420-7448
azepp@centerfor
dairyexcellence.org



Prices change daily. This market information is an example for educational purposes. The market data below are compiled weekly by Farmshine, using CME and USDA reports and the CDE Scorecard.

CME DAILY FUTURES & OPTIONS TRADING — MAY 8, 2018 AT THE CLOSE

	MAY-18	JUN-18	JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	JAN-19	FEB-19	MAR-19	APR-19	TREND
CLASS III MILK FUTURES (\$/CWT)	15.25	15.86	16.18	16.52	16.74	16.74	16.59	16.47	16.15	16.02	16.00	15.90	↑↑
	15.23	15.69	16.05	16.39	16.57	16.56	16.41	16.36	16.04	15.97	15.94	15.79	

HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED

16.96 02/17	16.92 02/17	16.92 02/17	16.90 02/17	16.90 02/17	16.90 02/17	16.92 02/17	16.95 02/17	16.95 02/17	17.05 02/17	17.27 08/17	16.85 02/17	16.75 02/17	
13.97 01/18	14.39 01/18	15.05 01/18	15.35 01/18	15.51 01/18	15.52 01/18	15.56 01/18	15.46 01/18	15.40 01/18	15.40 01/18	13.45 01/18	13.50 01/18	13.60 01/18	

MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)

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

EXPECTED LGM GROSS MARGINS* (at 0.00 deductible) per cwt. based on futures prices for Class III milk, soybeans, corn as of May 3, 4 and 5, 2018

	N/A	N/A	6.47	6.79	7.02	7.05	6.88	7.02	6.80	6.50	6.46	6.35	MIXED
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3-YR. AVG LGM ACTUAL GROSS MARGINS (at 0.00 deductible) per cwt. based on historical futures contract close-out prices Class III milk, soybeans and corn

	6.33	6.06	5.72	4.94	4.15	5.26	5.62	6.52	6.85	6.85	5.99	6.65	
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MPP OFFICIAL GROSS MARGINS & 1-MO 2018 ON per cwt. (USDA All-Milk, corn & alfalfa hay and Illinois soybean prices, feed for all classes of dairy cattle on the farm)

NOV-DEC-16	JAN-FEB-17	MAR-APR-17	MAY-JUN-17	JUL-AUG-17	SEPT-OCT-17	NOV-DEC-17	JAN-18	*FEB-18	*MAR-18				
10.54	10.82	8.95	8.97	9.67	9.99	9.88	8.12	*6.88	*6.77				↓↓

U.S. AVG ACTUAL MILK MARGIN per cwt. based on 75-lb herd average and USDA's All-Milk price, USDA-reported corn & alfalfa hay & Illinois soybean prices (lactating herd)

MAY-17	JUN-17	JUL-17	AUG-17	SEP-17	OCT-17	NOV-17	DEC-17	JAN-18	*FEB-18	*MAR-18	*APR-18	
11.39	12.07	12.03	12.99	12.74	12.77	13.11	12.16	10.95	*9.97	*9.97	*9.82	↓↓

PA AVG ACTUAL MILK MARGIN per cwt. based on 75-lb herd average and USDA's PA All-Milk price, USDA corn & alfalfa hay & Buffalo, NY soybean prices (lactating herd)

MAY-17	JUN-17	JUL-17	AUG-17	SEP-17	OCT-17	NOV-17	DEC-17	JAN-18	*FEB-18	*MAR-18	*APR-18	
11.32	11.30	12.23	12.07	13.14	13.11	12.80	12.32	10.89	*10.08	*9.85	*9.51	↓↓

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium (per dailydairyreport.com)

15.25	0.08	16.00	0.38	16.25	0.46	16.50	0.50	16.75	0.59	16.75	0.65	16.50	0.65	16.50	0.75	16.25	0.79	16.00	0.79	16.00	0.85	16.00	0.92
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CORN (\$/BU) OPTIONS — CALLS

3.45	58.50	3.60	53.88	3.70	56.25	3.80	53.65						
4.45	03.00	4.80	07.75	5.30	06.38	5.20	09.30						

CORN FUTURES (\$/BU)

MAY-18	JUL-18	SEP-18	DEC-18	MAR-19	MAY-19	JUL-19	SEP-19	DEC-19	FEB-19	MAY-19	JUL-19	TREND
3.955	4.032	4.112	4.195	4.282	4.332	4.370	4.152	4.197	4.277	4.312	4.355	↓↓

SOYMEAL FUTURES (\$/TON)

MAY-18	JUL-18	AUG-18	SEP-18	OCT-18	DEC-18	JAN-19	MAR-19	MAY-19	JUL-19	AUG-19	SEP-19	TREND
388.7	385.9	383.2	381.7	379.5	378.1	375.0	360.3	353.0	352.4	349.6	345.4	↓↓

PA MILK MARGIN & IOFC—LATEST PSU VALUES—*MAY, 2018

FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)
*MAY 6.09 ↑↑	*6.92 ↓↓	*9.23 ↓↓
*PREV MO 6.07	*7.13	*9.51
YR AGO 6.10	8.47	11.30

CME DAIRY CASH-SETTLED FUTURES (\$/LB)

MAY	JUN	JUL	AUG	SEP	05/08/18	05/08/18
NFDM 0.785	0.856	0.880	0.897	0.910	0.923	0.936 ↑↑ 0.8600 ↑↑
WHEY 0.280	0.296	0.328	0.344	0.353	0.359	0.360 ↑↑ N/A
BUTTER 2.325	2.370	2.400	2.420	2.420	2.430	2.440 ↓↓ 2.3025 ↓↓
CHEESE 1.643	1.691	1.705	1.730	1.746	1.740	1.722 ↑↑ See Below

CME SPOT CHEESE: BARRELS 1.6500 / 40 LB BLOCKS 1.7025

****USDA DEC. 2017** ALL-MILK MAILBOX**

FL \$21.60	\$19.27
N.ENG \$18.10	\$18.25
APPAL \$19.10	\$17.90
WI \$17.80	\$17.67
SE \$17.80	\$17.82
OH \$18.20	\$17.26
PA \$18.20	\$17.04
U.S. \$17.20	\$17.02
NY \$17.30	\$16.95
IND \$17.30	\$16.30
MI \$16.00	\$15.22

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

CL I ADV	CL II	CL III	CL IV	ALL-MILK U.S.	ALL-MILK PA
↑↑ 14.44(MAY)	14.03(APR)	14.47(APR)	13.48(APR)	15.60(MAR)	16.00(MAR)

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

PRODUCT	VALUE	MAKEALLOW	NET	*APR. 2018 COMPONENTS
CHEESE	1.5737	0.2003	1.3734	↑↑ PROT 1.7810 ↓↓
BUTTER	2.2452	0.1715	2.0737	↑↑ B.FAT 2.5113 ↑↑
NFDM	0.7134	0.1678	0.5456	↑↑ N.FAT 0.5401 ↓↓
DRYWHEY	0.2592	0.1991	0.0601	↑↑ OTHER 0.0619 ↑↑

*****CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. most recent May 2, 2018 sale at New Holland, PA) *****

COWS Fresh	Bred	Springing	HEIFERS: Bred	Springing	Open:	300-600 lbs	600-900 lbs	900-1200 lbs	BULLS (900-1500 lb)
1250	1135	1150	890	1025	470	605	765	725	↑↑

FOUR WEEK RUNNING AV4

1175	1050	1100	900	1050	450	575	750	750
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FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)

Choice & Prime 1250-1550 lbs	light test	85.00	87.00	104.00
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BULL CALVES: No. 1 & 2, 90-130 lbs

161.00	106.00	290.00
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80-90 lbs

105.00	110.00	165.00
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Price averages do not include lower-end common cows and heifers.

Average to high dressing

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