

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, JUNE 5, 2018 — except where noted

**PA Dairy:** In June of 2017, the Center for Dairy Excellence sent a survey to Pennsylvania dairy farms, with 991 responses representing 1232 households; 880 of these farms were milking cows when they completed the survey. This corresponds to around 14% of PA dairy farms and milk production.

The average farm participating in the survey milked 87.1 cows producing 23,698 pounds of milk per year, with a total herd of 100.8 cows and 83.4 heifers. The average primary operator was born in 1964 and 2.6% of these managers were women. 30% of these herds were housed in freestall facilities, 63% were managed in tiestall facilities, and 3% used bedded pack housing. Most of the responses came southeast and southcentral Pennsylvania.

The Center distributed a similar survey to Commonwealth dairy farms in 2008 and 2012. The results from all three inquiries are incorporated into the Study to Support Growth and Competitiveness of Pennsylvania's Dairy Industry, which is posted on the Center for Dairy Excellence website at <http://centerfordairyexcellence.org/pennsylvania-dairy-study/>.

One of the questions asked on the questionnaire each year has been this: "How important are the following in improving business performance for your dairy in the next 3 to 5 years?" The answers reflect the mood at the time the survey was completed.

Increasing milk production per cow is a lower priority in the last two surveys, but increasing components is more urgent in 2017. "Improving udder health" rates slightly lower than it did in 2008.

The percentage of farms rating "Decrease cost of production" very important in 2017 decreased, while "Stabilize milk price volatility" and "Maximize milk price per hundredweight" were higher priorities to 2017 respondents.

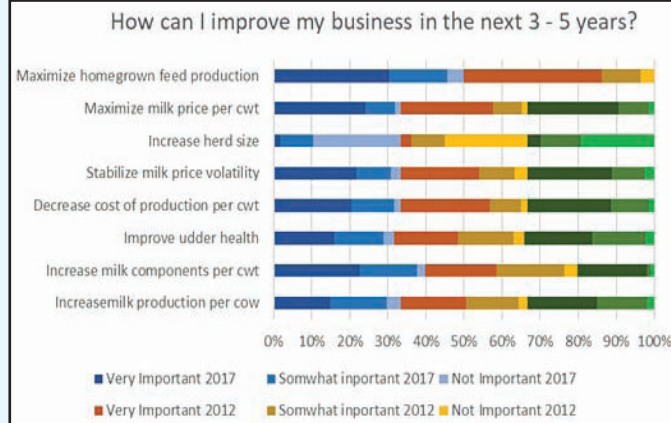
Maximizing homegrown feed was a greater priority in the high feed cost

environment of 2012, but less important in 2017. This was not a survey choice in 2008. The importance of "Increasing herd size" has declined in its importance with each survey.

The dairy industry around the world, and in Pennsylvania, will continue to change as consumer tastes shift. The Keystone state has a unique set of skillsets and market access that successful dairy farm businesses will take advantage of as they plan for the next generation.



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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 — JUNE 5, 2018 AT THE CLOSE

	JUN-18	JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	TREND
<b>CLASS III MILK FUTURES (\$/CWT)</b>	15.31	15.89	16.41	16.68	16.62	16.41	16.29	16.10	16.10	16.06	16.06	16.08	↓
WEEK AGO	15.76	16.51	16.92	17.05	16.92	16.70	16.58	16.29	16.22	16.16	16.14	16.14	
<b>HIGHEST &amp; LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED</b>	16.92 02/17	16.92 02/17	16.92 02/17	17.05 05/18	16.97 05/18	16.95 02/17	16.95 02/17	17.05 02/17	17.27 08/17	16.85 02/17	16.75 02/17	16.90 02/17	
<b>MILK BASIS (\$/CWT) — PA BASIS &amp; 2014-16 AVG OF PA/NY/VT/OH — YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3)</b>	PA 1.28	1.01	0.85	1.33	1.87	1.70	2.75	2.30	1.81	1.58	1.19	1.60	
*AVG 1.80	1.12	0.90	1.32	1.82	1.65	2.72	2.70	2.25	2.02	1.25	2.14		
<b>EXPECTED LGM GROSS MARGINS* (at 0.00 deductible) per cwt. based on futures prices for Class III milk, soybeans, corn as of May 24, 25, and 26, 2018</b>	N/A	N/A	N/A	7.67	7.53	7.28	7.11	6.83	6.81	6.78	6.80	6.93	MIXED
<b>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</b>	6.06	5.72	4.94	4.15	5.26	5.62	6.52	6.85	6.85	5.99	6.65	6.33	
<b>MPP OFFICIAL GROSS MARGINS &amp; 1-MO 2018 ON per cwt. (USDA All-Milk, corn &amp; alfalfa hay and Illinois soybean prices, feed for all classes of dairy cattle on the farm)</b>	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	*APR-18		
10.54	10.82	8.95	8.97	9.67	9.99	9.88	8.12	*6.88	*6.77	*6.62	↓	↓	
<b>U.S. AVG ACTUAL MILK MARGIN per cwt. based on 75-lb herd average and USDA's All-Milk price, USDA-reported corn &amp; alfalfa hay &amp; Ill. soybean prices (lactating herd only)</b>	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	↓	
<b>PA AVG ACTUAL MILK MARGIN per cwt. based on 75-lb herd average and USDA's PA All-Milk price, USDA corn &amp; alfalfa hay &amp; Buff., NY soybean prices (lactating herd only)</b>	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)	JUL-18	SEP-18	DEC-18	MAR-19	Example Daily Strike	JUL-18	OCT-18	JAN-19	MAR-19
15.25 0.13	16.00 0.21	16.50 0.36	16.75 0.45	16.50 0.59	16.50 0.54	16.25 0.64	16.00 0.70	16.00 0.74	16.00 0.76
<b>CORN (\$/BU) OPTIONS — CALLS</b>	3.25 53.30	3.35 53.30	3.50 52.50	3.60 55.00	Price / Premium	320 45.05	320 47.60	330 40.65	330 36.50
4.05 01.40	4.45 06.40	4.80 07.40	4.90 09.70		370 03.50	410 05.20	470 02.60	460 03.75	

CORN FUTURES (\$/BU)	JUL-18	SEP-18	DEC-18	MAR-19	MAY-19	JUL-19	SEP-19	DEC-19	FEB-19	MAY-19	JUL-19	DEC-19	TREND
3.782	3.876	3.996	4.086	4.150	4.204	4.074	4.120	4.204	4.252	4.286	4.192	4.192	↓
WEEK AGO	4.000	4.090	4.190	4.275	4.320	4.360	4.150	4.182	4.270	4.310	4.350	4.235	
<b>SOYMEAL FUTURES (\$/TON)</b>	JUL-18	AUG-18	SEP-18	OCT-18	DEC-18	JAN-19	MAR-19	MAY-19	JUL-19	AUG-19	SEP-19	OCT-19	TREND
365.0	366.5	366.9	366.4	366.9	365.1	357.1	354.1	354.8	353.6	350.2	344.7	344.7	MIXED
WEEK AGO	380.2	380.6	379.9	378.5	377.9	373.7	359.5	352.9	352.3	349.7	345.5	339.5	

*NEW PA MILK MARGIN & IOFC-LATEST PSU VALUES — *MAY 2018	FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)	CME DAIRY CASH-SETTLED FUTURES (\$/LB)	06/05/18	SPOT CASH	TREND					
*MAY	6.09 ↑	6.92 ↓	9.23 ↓	JUN 0.833	0.843	0.850	0.864	0.874	0.884	0.893	↓	0.8125 ↓
*PREV MO	6.07	7.13	9.51	JUL 0.300	0.336	0.347	0.350	0.347	0.343	0.337	MIXED	N/A
YR AGO	6.10	8.47	11.30	AUG 2.390	2.410	2.420	2.435	2.450	2.444	2.408	↓	2.380 ↓
				SEP 1.628	1.667	1.714	1.738	1.734	1.720	1.707	↓	See Below
				OCT 1.5050	1.5050	1.5050	1.5050	1.5050	1.5050	1.5050	↓	1.5800 ↓

**USDA JAN. 2018** ALL-MILK MAILBOX	*NEW 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	*WEIGHTED AVG. MAY 1 - 26, 2018 vs Adv.	*MAY 2018 COMPONENTS
11.25(JUN)	14.47(MAY)	15.18(MAY)	14.57(MAY)	15.80(APR)	16.40(APR)		*CHEESE 1.6353 0.2003 1.4350 ↓
							*BUTTER 2.3382 0.1715 2.1667 ↑
							*NFDM 0.7937 0.1678 0.6259 ↓
							*DRYWHEY 0.2711 0.1991 0.0720 ↓
							*OTHER 0.0742 ↑

***CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. most recent May 30, 2018 sale at New Holland, PA)***	
<b>COWS</b> Fresh 1025 Bred 975 Springing 975	<b>HEIFERS:</b> Bred 975 Springing 1025 Open: 475 550 710 850
1100 1000 1075	950 1050 475 575 750 875
Avg. of prices reported by USDA Market News for PA & NY Auction Markets May 31 - June 5, 2018	
<b>CULL MARKET COWS (\$/CWT LIVEWEIGHT)</b>	<b>FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)</b>
Premium White 74.00 (ltd)	Choice & Prime 1250-1550 lbs light test 82.00
Breakers 67.50 ↑	BULL CALVES: No. 1 & 2, 90-130 lbs 70.00
Boners 66.00 ↑	80-90 lbs 50.00
Lean 59.00 ↓	
WEEK AGO	
67.00	
62.50	
59.50	
YEAR AGO	
76.50	
75.50	
75.75	
73.25	

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