CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, SEPT. 11, 2018 — except where noted

Powder prices and export loss payments: Everyone is looking for price recovery signals. Large powder inventories in this country and around the world have kept powder prices in the cellar for the past three years. Some of this powder has moved out of warehouses over the past couple of months, nudging prices up to last September's level.

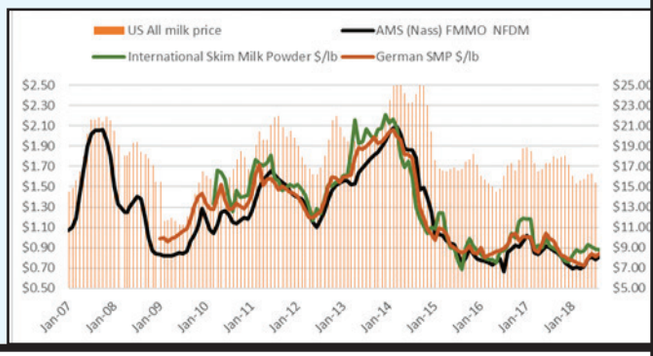
This is not a strong recovery like 2014 when powder prices skyrocketed and pulled milk check prices along, but milk powder prices need to improve before milk checks improve. CME Non-fat Dry Milk Futures contracts anticipate a slow price upturn, only reaching $1.04 per pound a year from now. In the meantime, it looks like margins will remain tight for a while.

Producers of corn, cotton, sorghum, soybeans, wheat, dairy, or hogs are eligible for the Market Facilitation Program.

Producers must have an ownership interest in the commodity and be actively engaged in farming and have an average adjusted gross income for tax years 2014, 2015, and 2016 of less than $900,000 per year. Eligible producers must comply with the provisions of the "Highly Erodible Land and Wetland Conservation" regulations, and provide verifiable and reliable production records by crop, type, practice, intended use, and The USDA Farm Service Agency will accept Market Facilitation Program applications for the current payment period starting September 4, 2018. The payment will equal $0.12 per cwt for dairy production based off the historical production reported for the Margin Protection Program for Dairy. For existing dairy operations, the production history is established using the highest annual milk production marketed during the full calendar years of 2011, 2012, and 2013. Dairy operations are also required to have been in operation on June 1, 2018 to be eligible for payments.

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

The application is available at https://www.farmers.gov/sites/default/files/documents/Market-Facilitation-Program-CCC-910.pdf You provide some basic contact information and specifics about commodities that have been harvested. You will need to sign the application form and provide production evidence for each commodity. Then the form can be faxed, mailed or emailed to your local USDA service center. Producers can also bring production records to the local service center and enroll in person. Call ahead to set a time and be sure you have the correct information.



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 — SEPT. 11, 2018 AT THE CLOSE

	SEP-18	OCT-18	NOV-18	DEC-18	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	JUN-19	JUL-19	AUG-19	TREND
CLASS III MILK FUTURES ($/CWT)	16.11	16.28	16.32	16.15	16.02	15.88	15.88	16.03	16.00	16.11	16.26	16.44	↓↓
WEEK AGO	16.52	16.74	16.67	16.47	16.18	15.96	15.98	16.05	16.03	16.11	16.21	16.41	

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

	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*	16.85 *02/17*	16.90 *02/17*	16.90 *02/17*
	15.05 *07/18*	15.33 *07/18*	15.42 *07/18*	15.35 *07/18*	15.32 *07/18*	13.45 *01/18*	13.50 *01/18*	13.60 *01/18*	13.85 *01/18*	13.75 *01/18*	13.62 *01/18*	13.62 *01/18*

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

PA	1.33	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

EXPECTED LGM GROSS MARGINS* (at 0.00 deductible) *per cwt. based on futures prices for Class III milk, soybeans, corn as of Aug. 30, 31 and Sept. 1, 2018*

N/A	N/A	8.88	8.59	8.24	8.00	7.97	7.99	7.98	8.02	8.05	8.17

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*

4.15	5.26	5.62	6.52	6.85	6.85	5.99	6.65	6.33	6.06	5.72	4.94

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)*

MAY-JUN-17	JUL-AUG-17	SEPT-OCT-17	NOV-DEC-17	JAN-18	FEB-18	MAR-18	APR-18	MAY-18	JUN-18	*JUL-18	
8.97	9.67	9.99	9.88	8.12	6.88	6.77	6.62	6.78	7.37	*6.72	↓↓

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 & Ill. soybean prices (lactating herd only)*

JUL-17	AUG-17	SEP-7	OCT-17	NOV-17	DEC-17	JAN-18	FEB-18	MAR-18	APR-18	MAY-18	*JUN-18	
12.03	12.99	12.74	12.77	13.11	12.16	10.95	9.97	9.97	9.82	9.48	*9.32	↓↓

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

12.23	12.07	13.14	13.11	12.80	12.32	10.89	10.08	9.90	10.25	9.68	*9.66	↓↓

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

*MARGIN = Milk Price over Feed Cost per cwt.

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

16.50	0.07	**16.75**	0.30	**16.75**	0.50	**16.50**	0.55	**16.25**	0.64	**16.00**	0.64	**16.00**	0.71	**16.00**	0.70	**16.00**	0.73	**16.00**	0.76	**16.25**	0.85	**16.50**	0.91

DEC-18		MAR-19		JUL-19		DEC-19	
CORN ($/BU) OPTIONS — CALLS							
3.50	19.70	**3.50**	32.60	**3.90**	24.20	**3.90**	30.05
4.00	03.20	**4.30**	05.20	**4.70**	06.30	**5.00**	06.60

Example Daily Strike Price / Premium

OCT-18		JAN-19		MAR-19		JUL-19	
SOYMEAL ($/TON) OPTIONS — CALLS							
285	22.50	**280**	30.95	**280**	32.65	**290**	30.50
315	02.35	**340**	04.0	**370**	02.95	**420**	02.95

CORN FUTURES ($/BU)

	SEP-18	DEC-18	MAR-19	MAY-19	JUL-19	SEP-19	DEC-19	FEB-20	MAY-20	JUL-20	DEC-20	JUL-21	TREND
	3.414	3.524	3.650	3.734	3.790	3.830	3.890	4.000	4.064	4.112	4.040	4.080	↓↓
WEEK AGO	3.516	3.652	3.772	3.846	3.906	3.912	3.952	4.062	4.136	4.184	4.102	4.132	

SOYMEAL FUTURES ($/TON)

	SEP-18	OCT-18	DEC-18	JAN-19	MAR-19	MAY-19	JUL-19	AUG-19	SEP-19	OCT-19	DEC-19	JAN-20	TREND
	315.7	315.8	318.4	317.8	314.9	312.8	314.6	315.5	315.1	312.7	312.2	313.1	↑↑
WEEK AGO	306.2	307.3	309.7	309.1	309.4	309.8	312.3	313.4	313.5	311.6	311.4	312.3	

*=NEW

FEED = $/CWT.

IOFC = $/COW

PA MILK MARGIN & IOFC–LATEST PSU VALUES– JUNE 2018

	FEED COST ($/CWT milk)	IOFC ($/COW @ 75 lbs milk)	PA MILK MARGIN ($/CWT milk)
JUNE	**6.07** ↓↓	**7.25** ↓↓	**9.66** ↓↓
PREV MO	6.13	7.26	9.68
YR AGO	5.97	9.02	12.03

CME DAIRY CASH-SETTLED FUTURES ($/LB) 09/11/18

	SEP	OCT	NOV	DEC	JAN	FEB	MAR		SPOT CASH 09/11/18	TREND
NFDM	0.859	0.910	0.927	0.945	0.952	0.952	0.954	↓↓	**0.9000**	↑↑
WHEY	0.401	0.432	0.438	0.442	0.436	0.422	0.410	↑↑	N/A	
BUTTER	2.244	2.210	2.219	2.203	2.191	2.195	2.207	↑↑	**2.2250**	↑↑
CHEESE	1.663	1.654	1.657	1.638	1.634	1.630	1.638	↓↓	*See Below*	

CME SPOT CHEESE: BARRELS 1.4550 / 40 LB BLOCKS 1.6250 ↓↓ / ↓↓

USDA MAY. 2018

	ALL-MILK	MAILBOX
*FL	$19.60	$17.50
*N.ENGL	$17.00	$16.86
*WI	$16.52	$16.70
*APPAL	$17.20	$15.97
*SE	N/A	$15.79
*U.S.	$16.20	$15.70
*NY	$16.40	$15.69
*PA	$16.70	$15.49
*OH	$16.10	$15.41
*IN	$15.50	$14.77
*MI	$14.80	$14.06

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

	CL I ADV	*CL II	*CL III	*CL IV	*ALL-MILK U.S	* ALL-MILK PA
	↑↑ **14.85**(SEP)	***15.07**(AUG)	***14.95**(AUG)	***14.63**(AUG)	***15.40**(JUL)	***16.20**(JUL)
MONTH AGO	14.10	15.20	14.10	14.14	16.30	17.00
YEAR AGO	16.71	17.46	16.56	16.61	17.30	18.20

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

*WEIGHTED AVG. 4-WK AUG 1-25, 2018 AUGUST *2018*

PRODUCT	VALUE	MAKE ALLOW	NET		COMPONENTS		
*CHEESE	1.5544	0.2003	**1.3541**	↑↑	*PROT	**1.6245**	↑↑
*BUTTER	2.3192	0.1715	**2.1477**	↓↓	*B.FAT	**2.6009**	↑↑
*NFDM	0.8111	0.1678	**0.6433**	↑↑	*N.FAT	**0.6369**	↑↑
*DRYWHEY	0.3681	0.1991	**0.1690**	↓↓	*OTHER	**0.1741**	↑↑

***CATTLE - DAIRY PURPOSES** ($/HD) NORTHEAST (Avg. most recent Sept. 5, 2018 sale at New Holland, PA) ***

COWS Fresh	Bred	Springing	HEIFERS: Bred	Springing	Open:	300-600 lbs	600-900 lbs	900-1200 lbs	BULLS (600-1800 lb)
900	**800**	**N/A**	**725**	**835**		**185**	**415**	**N/A**	**825**
FOUR WEEK RUNNING AV4									
950	850	875	750	750		250	450	N/A	825

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

Avg. of prices reported by USDA Market News for PA & NY Auction Markets Sept. 6 - 11, 2018

CULL MARKET COWS ($/CWT LIVEWEIGHT)

Premium White	Breakers	Boners	Lean	
N/A	**58.50** ↑↑	**56.50** ↓↓	**49.50** ↓↓	
WEEK AGO				
N/A	57.75	57.75	51.50	
YEAR AGO				
N/A	63.50	63.10	58.25	

Average to high dressing

FED HOLSTEIN STEERS ($/CWT LIVEWEIGHT)

		CURRENT	WEEK AGO	YR AGO	
Choice & Prime 1250-1550 lbs	light test	**79.00**	81.00	97.00	↓↓
BULL CALVES: No. 1 & 2, 90-130 lbs		**75.00**	82.00	125.00	↓↓
80- 90 lbs		**38.00**	55.00	102.00	↓↓

brought to you by:

Center for Dairy Excellence · Farmshine · Pennsylvania Department of Agriculture