

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, OCT. 2, 2018 — except where noted

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Dairy Revenue Protection: The new Dairy Revenue Protection (Dairy R-P) policy will go on sale October 9 from authorized crop insurance agents. Dairy producers can use this new tool to set a price floor for their milk production more than a year from now. Farms can choose to cover any of the 5 upcoming quarterly (3-month) periods. The chart below lists sales dates and coverage periods available for the next 6 months.

Dairy R-P will be sold every day after the coverage prices and rates are validated and published on RMA's website by 4:00 PM Central time and ends at 9:00 AM Central time of the following business day. Producers can choose to cover any of the 2019 quarterly coverage periods or the first quarter (January -March) of 2020 until December 15, 2018. On December 16, 2018 farms will not be able to buy coverage for the first quarter of 2018, but they could buy the second quarter of 2020 (April- June).

Dairy Revenue Protection offers two pricing options. The class pricing option and the component pricing option. These pricing options are designed to allow producers to customize their price elections to more accurately reflect their price risk.

The class pricing option uses a combination of class III and class IV milk prices based on insured's declared class price weighting factor.

The component pricing option uses a combination of butterfat, protein and other solids values based on the insured's declared butterfat test and declared protein test. High component herds will be able to better reflect their milk check with this option.

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.

The actual ending milk or component values are based upon the monthly average prices announced by USDA's Agricultural Marketing Service, not your milk check. Actual ending values are posted on RMA's website at the end of the insurance period.

Producers can choose a coverage level between 70% and 95%, in 5-percent increments to determine the dairy revenue protection expected and final revenue guarantee. You may choose a different coverage level and change coverage between Class pricing or component pricing for each quarterly coverage endorsement. A list of crop insurance agents is available at all USDA service centers and on the RMA website at www.rma.usda.gov/tools/agent.html.

Quarterly Insurance Period 801 - 808	Sales Available			Sales Not Available			
	2018	2019	2019	2019	2020	2020	2020
Calendar Year	2018	2019	2019	2019	2020	2020	2020
Sales Dates	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun
July 1 - Sep 15	801	802	803	804	805	806	807
Sep 16 - Dec 15	801	802	803	804	805	806	807
Dec 16 - Mar 15	801	802	803	804	805	806	807
Mar 16 - June 15	801	802	803	804	805	806	807
June 16 - June 30	801	802	803	804	805	806	808

CME DAILY FUTURES & OPTIONS TRADING — OCT. 2, 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	15.94	16.29	16.13	16.00	15.87	15.91	16.04	16.04	16.12	16.36	16.53	MIXED
-----WEEK AGO-----												
16.14	15.89	16.42	16.26	16.09	15.94	15.96	16.08	16.05	16.11	16.32	16.46	

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 Sept. 27, 28 and 29, 2018

N/A	N/A	8.23	8.23	8.04	7.85	7.83	7.90	7.88	7.90	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	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)

JUL-AUG-17	SEPT-OCT-17	NOV-DEC-17	JAN-18	FEB-18	MAR-18	APR-18	MAY-18	JUN-18	JUL-18	*AUG-18
9.67	9.99	9.88	8.12	6.88	6.77	6.62	6.78	7.37	6.72	*7.43

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)

SEP-7	OCT-17	NOV-17	DEC-17	JAN-18	FEB-18	MAR-18	APR-18	MAY-18	JUN-18	JUL-18	AUG-18
12.84	12.97	13.21	12.16	10.95	9.97	9.62	9.82	10.04	10.40	9.80	10.08

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)

SEP-7	OCT-17	NOV-17	DEC-17	JAN-18	FEB-18	MAR-18	APR-18	MAY-18	JUN-18	JUL-18	AUG-18
13.31	13.00	12.75	12.32	10.89	10.08	9.90	10.25	10.71	11.10	10.08	11.22

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

16.25	0.11	16.00	0.19	16.50	0.37	16.25	0.42	16.00	0.44	16.00	0.58	16.00	0.62	16.00	0.60	16.00	0.64	16.00	0.65	16.25	0.72	16.50	0.82
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CORN (\$/BU) OPTIONS — CALLS

3.30	19.40	3.30	31.40	3.60	26.40	3.70	33.10
4.00	01.00	4.10	03.00	4.40	05.60	4.80	07.20

CORN FUTURES (\$/BU)

DEC-18	MAR-19	MAY-19	JUL-19	SEP-19	DEC-19	FEB-20	MAY-20	JUL-20	SEP-20	DEC-20	JUL-21	TREND
3.674	3.794	3.872	3.924	3.956	4.004	4.094	4.154	4.190	4.130	4.144	4.306	↑↑

-----WEEK AGO-----

3.630	3.750	3.824	3.876	3.914	3.966	4.062	4.124	4.162	4.082	4.100	4.270
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SOYMEAL FUTURES (\$/TON)

OCT-18	DEC-18	JAN-19	MAR-19	MAY-19	JUL-19	AUG-19	SEP-19	OCT-19	DEC-19	JAN-20	MAR-20	TREND
311.2	315.1	315.5	314.4	313.0	314.5	315.4	315.9	315.2	315.8	316.8	317.7	↑↑

-----WEEK AGO-----

307.7	310.9	311.8	311.6	310.5	312.0	313.0	313.7	313.0	313.6	314.5	315.4
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***NEW PA MILK MARGIN & IOFC—LATEST PSU VALUES— *AUG 2018**

FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)
*AUG 6.04 ↓↓	8.41 ↑↑	11.22 ↑↑
*PREV MO 6.12	7.56	10.08
*YR AGO 6.06	9.93	13.24

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

SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
NFDM 0.852	0.899	0.909	0.919	0.930	0.942	0.950	↑↑	0.8875	↑↑		
WHEY 0.407	0.439	0.459	0.467	0.449	0.430	0.414	Steady	0.5600	↑↑		
BUTTER 2.272	2.314	2.311	2.264	2.238	2.239	2.236	↓	2.3350	↑↑		
CHEESE 1.657	1.611	1.632	1.617	1.620	1.620	1.634	↓	See Below			

CME SPOT CHEESE: BARRELS 1.3850 / 40 LB BLOCKS 1.71000 ↑↑ / ↑↑

****USDA JUNE 2018** ALL-MILK MAILBOX**

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)					
*CL I ADV	*CL II	*CL III	*CL IV	ALL-MILK U.S.	ALL-MILK PA
↑↑*16.33(OCT)	*15.07(AUG)	*14.95(AUG)	*14.63(AUG)	15.40(JUL)	16.20(JUL)

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

PRODUCT	VALUE	MAKE ALLOW	NET	AUGUST 2018 COMPONENTS
*CHEESE	1.6753	0.2003	1.4750	↑↑ *PROT 1.6245
*BUTTER	2.2684	0.1715	2.0969	↓ *B.FAT 2.6009
*NFDM	0.8536	0.1678	0.6858	↑↑ *N.FAT 0.6369
*DRYWHEY	0.4075	0.1991	0.2084	↑↑ *OTHER 0.1741

*****CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST** (Avg. most recent Sept. 26, 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)
1000	950	1000	700	800	270	515	N/A	1000	

FOUR WEEK RUNNING AV4

950	850	900	750	825	270	475	475	900
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FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)

Choice & Prime 1250-1550 lbs	light test	83.00	81.50	85.00
BULL CALVES: No. 1 & 2, 90-130 lbs		102.00	45.00	99.00
80-90 lbs		53.00	28.00	81.00

CULL MARKET COWS (\$/CWT LIVEWEIGHT)

Premium White	Breakers	Boners	Lean
N/A	56.00 ↓↓	55.00 ↓↓	47.00 ↓↓
-----WEEK AGO-----			
N/A	58.00	56.50	48.25
-----YEAR AGO-----			
N/A	63.25	64.00	57.50

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

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