

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, APR. 9, 2019 — except where noted

**Warmer weather:** Spring is finally here, which means summer is around the corner. Take steps now to evaluate heat abatement strategies before hot weather arrives. If you wait for your cows to show signs of heat stress to develop a heat abatement strategy, you are too late because you are already experiencing milk production losses. No matter how well you plan for and manage heat stress, you will have at least some milk production loss in the summer. The key to heat abatement is keeping cows cool, not cooling them down once they are heat stressed. If you accomplish this, you will minimize your summertime milk production losses. Minimizing production loss helps you to maintain better cash flow through the summer and fall of the year.

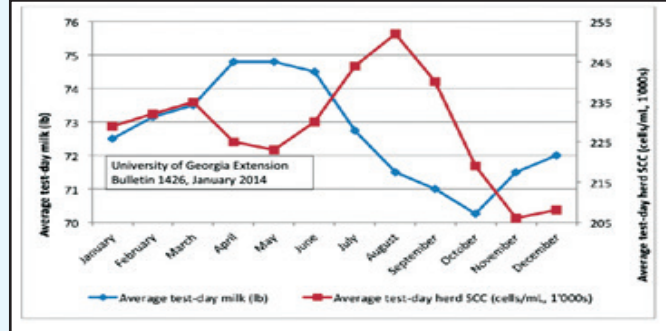
We've already had a few days where your fans may have turned on. The general rule I have always used to determine if a cow is comfortable is this: if you need a light jacket to feel comfortable, your cows are probably content. If you need to take your jacket off, then your cows may start showing signs of heat stress, especially the older, larger cows in your herd. Take the time now to do a barn walk-through and determine what repairs need to be done to your fans and get it done. For fans to run most efficiently, the blades and cages around the blade must be clean and free of dirt and dust accumulation. If you have adequate airflow through your barn, you should not be able to light a match and it remain lit anywhere in the barn. If you have dead air spots in your barn, you may need additional fans.

An area that is often forgotten is the holding area of your milk barn. In the early 2000s, I had a consultant come to my dairy and put internal thermometers in a representative portion of my cows. The thermometers monitored and recorded core body temperature over time. When he downloaded and showed me the result, it was obvious when the cows were in the holding area. During the time they spent in the holding area, their core body temperature spiked to

over 103 degrees Fahrenheit. This was with several fans moving air across the holding area. When we added a sprinkler system to the holding area and repeated the experiment, core temperature still spiked, but did not reach 103 degrees.

If you have sprinklers above your feed bunks or on your fans, go ahead and make repairs to them while it is still cool. When I was milking cows, I always had broken pipes to fix, solenoid valves to replace and sprinkler nozzles to replace before I could turn the sprinkler system on for the season. The research I have seen shows evaporative cooling of cows is most efficient at minimizing heat stress. This is accomplished by intermittent wetting of the cow while fans move air across them. Cows may start showing signs of heat stress when the temperature is in the mid-to-upper 60s, depending on relative humidity. Keep this in mind as you set thermostats or manually turn on cooling systems.

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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 — APR. 9, 2019 AT THE CLOSE

	APR-19	MAY-19	JUN-19	JUL-19	AUG-19	SEP-19	OCT-19	NOV-19	DEC-19	JAN-20	FEB-20	MAR-20	TREND	
<b>CLASS III MILK FUTURES (\$/CWT)</b>	15.95	15.85	15.93	16.18	16.39	16.58	16.56	16.42	16.27	15.93	15.88	15.88	↑↑	
WEEK AGO	15.85	15.70	15.85	16.13	16.35	16.55	16.54	16.43	16.26	15.89	15.90	15.88		
HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED	16.75 02/17	16.90 02/17	16.85 02/17	16.90 02/17	16.90 02/17	16.92 02/17	16.65 01/19	16.52 01/19	16.40 01/19	16.20 01/19	16.10 01/19	15.98 1/19		
	13.60 01/18	13.85 01/18	13.75 01/18	13.62 01/18	13.62 01/18	13.55 01/18	13.75 01/18	14.08 1/18	14.60 1/18	14.62 1/18	14.63 1/18	14.59 1/18		
<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 1.19	1.60	1.28	1.01	0.85	1.33	1.87	1.70	2.75	2.30	1.81	1.58		
*AVG	1.25	2.14	1.80	1.12	0.90	1.32	1.82	1.65	2.72	2.70	2.25	2.02		
<b>EXPECTED LGM GROSS MARGINS* (at 0.00 deductible) per cwt. based on futures prices for Class III milk, soybeans, corn as of Dec. 13, 14 and 15, 2018</b>	N/A	5.97	6.53	6.92	7.10	7.27	7.51	7.72	7.93	7.80	7.73	N/A		
<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>	6.85	6.85	5.99	6.65	6.33	6.06	5.72	4.94	4.15	5.26	5.62	6.52		
<b>MPP/DMC OFFICIAL GROSS MARGINS &amp; 1-MO 2018 ON per cwt. (USDA All-Milk, corn/alfalfa hay &amp; Illinois soybean prices, feed for all classes of dairy cattle on the farm)</b>	FEB-18	MAR-18	APR-18	MAY-18	JUN-18	JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	JAN-19	FEB-19	
	6.88	6.77	6.62	6.78	7.37	6.72	7.43	8.26	8.96	8.66	7.85	7.99	8.22	↑↑
<b>U.S. AVG MILK MARGIN per 100 lbs milk based on 75-lb herd avg &amp; USDA's All-Milk price, USDA-reported corn &amp; alfalfa hay &amp; Ill. soybean prices (lactating feed only)</b>	MAR-18	APR-18	MAY-18	JUN-18	JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	JAN-19	*FEB-19	MAR-19	
	9.62	9.82	10.04	10.40	9.62	10.24	11.00	11.73	11.40	10.63	10.79	*10.66	↓↓ estimated 10.78	
<b>PA AVG MILK MARGIN per 100 lbs milk based on 75-lb herd average and USDA's PA All-Milk price, USDA corn &amp; alfalfa hay &amp; Buff., NY soybean prices (lactating feed only)</b>	9.90	10.25	10.71	11.10	10.26	10.04	11.01	11.68	11.29	10.46	10.37	*10.60	↓↓ estimated 10.62	

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium (per dailydairyreport.com)																							
16.00	0.08	16.00	0.28	16.00	0.36	16.25	0.44	16.50	0.54	16.50	0.50	16.50	0.53	16.50	0.64	16.25	0.61	16.00	0.62	16.00	0.63	16.00	0.65
MAY-19			JUL-19			DEC-19			MAR-20			Example Daily Strike Price / Premium		JUL-19		SEP-19		DEC-19		JAN-20			
CORN (\$/BU) OPTIONS — CALLS																							
3.30	31.70	3.50	23.70	3.80	28.00	3.90	32.20							285	29.35	290	29.55	300	27.85	300	29.15		
3.65	03.00	3.80	08.40	4.20	15.00	4.60	10.60							310	09.35	330	07.35	370	04.05	370	04.60		

CORN FUTURES (\$/BU)												
MAY-19	JUL-19	SEP-19	DEC-19	MAR-20	MAY-20	JUL-20	SEP-20	DEC-20	MAR-21	MAY-21	JUL-21	TREND
3.706	3.790	3.906	4.044	4.122	4.180	4.126	4.166	4.244	4.272	4.234	4.206	↑↑
WEEK AGO												
3.626	3.720	3.804	3.906	4.050	4.126	4.186	4.122	4.146	4.222	4.254	4.326	

SOYMEAL FUTURES (\$/TON)												
MAY-19	JUL-19	AUG-19	SEP-19	OCT-19	DEC-19	JAN-20	MAR-20	MAY-20	JUL-20	AUG-20	SEP-20	TREND
310.1	313.8	315.4	317.0	318.4	321.4	322.7	323.1	323.8	325.1	324.2	324.3	Mixed
WEEK AGO												
311.0	314.7	316.2	317.5	318.7	321.2	322.2	322.7	322.8	324.1	323.5	323.6	

PA MILK MARGIN & IOFC-LATEST PSU VALUES — FEB. 2019				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 04/09/19										SPOT CASH TEND			
FEED COST (\$/CWT milk)	IOFC (\$/COW @ 75 lbs milk)	PA MILK MARGIN (\$/CWT milk)		APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
FEB 7.51 ↑↑	7.95 ↑↑	10.60 ↑↑		0.974	1.003	1.028	1.043	1.057	1.067	1.079	1.079	1.079	1.079	1.079	1.079	0.9875	0.9875
PREV MO 7.33	7.78	10.37		0.392	0.388	0.381	0.377	0.380	0.384	0.380	0.380	0.380	0.380	0.380	0.380	0.3525	0.3525
YR AGO 5.82	7.56	10.08		2.277	2.287	2.307	2.321	2.339	2.346	2.335	2.335	2.335	2.335	2.335	2.335	2.2575	2.2575
				1.641	1.636	1.649	1.677	1.699	1.713	1.712	1.712	1.712	1.712	1.712	1.712	See Below	See Below
				CME SPOT CHEESE: BARRELS 1.5925 / 40 LB BLOCKS 1.6550										↑↑	↑↑		

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. 4-WK MAR 1-30, 2019	*PRODUCT VALUE	*MAKE ALLOW	*NET	*CHEESE	*BUTTER	*NFDM	*DRYWHEY	*MAR. 2019 COMPONENTS			
*15.76 (APR)	*16.61 (MAR)	*15.04 (MAR)	*15.71 (MAR)	*16.80 (FEB) ↑↑	*17.90 (FEB) ↑↑	1.5383	2.0003	1.3380	1.5383	2.2740	0.9589	0.4127	PROT 1.6303				
MONTH AGO													B.FAT 2.5461				
15.98	16.13	13.89	15.86	16.60	17.70	1.5383	2.0003	1.3380	1.5383	2.2740	0.9589	0.4127	N.FAT 0.7832				
YEAR AGO													OTHER 0.2200				
14.10	13.88	14.22	13.04	15.30	15.90	0.4127	0.1991	0.2136	0.4127	0.1991	0.2136	0.4127					

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. April 10, 2019 sale New Holland, PA) *MOST RECENT REPORT												
COWS Fresh	Bred	Springing	HEIFERS: Bred	Springing	Open:	300-600 lbs	600-900 lbs	900-1200 lbs	BULLS (600-1800 lb)			
775	N/A	N/A	760	835		310	475	580	825			
FOUR WEEK RUNNING AV4												
800	825	750	770	800		310	500	575	800			
Avg. of prices reported by USDA Market News for PA & NY Auction Markets Apr. 4-9, 2019												
CULL MARKET COWS (\$/CWT LIVEWEIGHT)												
Premium White	Breakers	Boners	Lean									
N/A	60.00 ↑↑	56.00 ↑↑	46.25 ↑↑									
WEEK AGO												
N/A	58.00	55.50	45.75									
YEAR AGO												
N/A	60.00	59.50	54.50									

brought to you by:

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

Average to high dressing