

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — TUESDAY, MAY 14, 2019 — except where noted



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Crop Progress: Significant weather events have dominated the headlines numerous times over the last few months. USDA released a Crop Progress report on May 13, 2019 that hints to what these events mean for spring planting across the country. I just moved to Pennsylvania in December, so I am not yet familiar with the state's typical weather patterns. I hear a lot of talk about how wet it has been this year and all last year. The current Crop Progress report may suggest that current U.S. weather patterns are holding up spring planting.

Planting for nearly all commodities reported are behind this time last year, and all reported commodities are below the previous 5-year (2014-2018) average. Two important crops for the dairy industry are corn and soybeans.

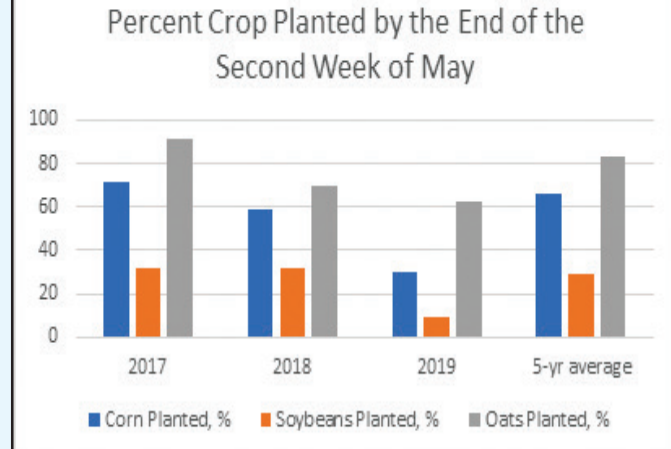
Corn planting in the top 18 corn-producing states is only 30% completed as of the end of the second week of May. When we compare the numbers, 59% of the corn planting was completed by this time last year, with the 5-year average at 66%.

Soybean planting in the top 18 soybean-producing states is following a similar trend. Only 9% of soybeans have been planted this year compared to 32% by the end of the second week of May last year. The 5-year average for soybean planting for the end of the second week of May is 29%.

What could this mean for commodity prices later this year? How will this affect the dairy risk management programs? It depends on the growing season and if yields are reduced due to later planting.

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.

Corn and soybean meal prices are two factors in determining margins for the Dairy Margin Coverage (DMC) program coming out in June. Any change in these prices can have positive or negative effects on future margins. If corn and soybean prices increase, milk prices will have to also increase to keep margins from falling.



CME DAILY FUTURES & OPTIONS TRADING — MAY 14, 2019 AT THE CLOSE

	MAY-19	JUN-19	JUL-19	AUG-19	SEP-19	OCT-19	NOV-19	DEC-19	JAN-20	FEB-20	MAR-20	APR-20	TREND
CLASS III MILK FUTURES (\$/CWT)	16.29	16.19	16.31	16.62	16.81	16.77	16.60	16.36	16.13	16.10	16.08	16.20	↓↓
	16.45	16.55	16.69	16.99	17.18	17.14	16.96	16.65	16.28	16.29	16.26	16.33	
WEEK AGO													
HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED													
	16.90 02/17	16.85 02/17	16.90 02/17	16.99 05/17	17.18 05/17	17.14 05/17	16.96 05/19	16.65 05/19	16.28 05/19	16.29 05/19	16.26 05/19	16.33 05/19	
	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 11/18	14.00 11/18	14.62 11/18	14.63 11/18	14.59 11/18	14.65 11/18	
MILK BASIS (\$/CWT) — PA BASIS & 2014-16 AVG OF PA/NY/VT/OH	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 Dec. 13, 14 and 15, 2018	N/A	5.97	6.53	6.92	7.10	7.27	7.51	7.72	7.93	7.80	7.73	N/A	
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	6.85	5.99	6.65	6.33	6.06	5.72	4.94	4.15	5.26	5.62	6.52	6.85	
MPP/DMC OFFICIAL GROSS MARGINS & 1-MO 2018 ON per cwt. (USDA All-Milk, corn/alfalfa hay & Illinois soybean prices, feed for all classes of dairy cattle on the farm)	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
	6.77	6.62	6.78	7.37	6.72	7.43	8.26	8.96	8.66	7.85	7.99	8.22	*8.85
U.S. AVG MILK MARGIN per 100 lbs milk based on 75-lb herd avg & USDA's All-Milk price, USDA-reported corn & alfalfa hay & Ill. soybean prices (lactating feed only)	APR-18	MAY-18	JUN-18	JUL-18	AUG-18	SEP-18	OCT-18	NOV-18	DEC-18	JAN-19	*FEB-19	*MAR-19	*APR-19
	9.82	10.04	10.40	9.62	10.24	11.00	11.73	11.40	10.63	10.79	*11.00	*11.22	↑↑ estimated 11.60
PA AVG MILK MARGIN per 100 lbs milk based on 75-lb herd average and USDA's PA All-Milk price, USDA corn & alfalfa hay & Buff., NY soybean prices (lactating feed only)	10.25	10.71	11.10	10.26	10.04	11.01	11.68	11.29	10.46	10.37	*11.34	*11.90	↑↑ estimated 11.93

CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium																								
16.25	0.04	16.25	0.19	16.25	0.25	16.50	0.23	16.75	0.42	16.75	0.47	16.50	0.48	16.25	0.50	16.25	0.65	16.00	0.56	16.00	0.58	16.25	0.70	
JUL-19				DEC-19				MAR-19				MAY-20				Example Daily Strike								
CORN (\$/BU) OPTIONS — CALLS																								
3.10	54.20	3.30	55.10	3.50	50.30	3.60	50.10	3.95	03.20	5.20	01.70	5.20	03.00	5.50	03.70									
CORN FUTURES (\$/BU)																								
JUL-19	SEP-19	DEC-19	MAR-20	MAY-20	JUL-20	SEP-20	DEC-20	MAR-21	MAY-21	JUL-21	SEP-21		TREND											
3.690	3.774	3.886	4.004	4.076	4.140	4.050	4.076	4.162	4.220	4.266	4.134		MIXED											
WEEK AGO																								
3.642	3.722	3.822	3.950	4.026	4.096	4.032	4.084	4.174	4.234	4.280	4.206													
SOYMEAL FUTURES (\$/TON)																								
JUL-19	AUG-19	SEP-19	OCT-19	DEC-19	JAN-20	MAR-20	MAY-20	JUL-20	AUG-20	SEP-20	OCT-20		TREND											
299.8	301.2	303.0	304.4	307.3	308.8	310.1	311.8	314.2	314.5	314.6	314.1		↑↑											
WEEK AGO																								
292.9	294.6	296.6	298.0	300.7	302.0	303.2	305.1	307.4	306.7	306.4	306.9													

PA MILK MARGIN & IOFC—LATEST PSU VALUES — *MAR. 2019				CME DAIRY CASH-SETTLED FUTURES (\$/LB)										05/14/19 SPOT CASH		TREND	
FEED =	*FEED COST (\$/CWT milk)	*IOFC (\$/COW @ 75 lbs milk)	*PA MILK MARGIN (\$/CWT milk)	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
*MAR	*6.73 ↓↓	*8.93 ↑↑	*11.90 ↑↑	1.012	1.046	1.062	1.076	1.088	1.100	1.112	1.112	1.112	1.112	1.112	1.112	1.112	1.112
IOFC =	*PREV MO	*8.51	*11.34	0.368	0.346	0.322	0.315	0.315	0.315	0.315	0.315	0.315	0.315	0.315	0.315	0.315	0.315
*/COW	YR AGO	6.10	7.43	2.271	2.350	2.400	2.421	2.411	2.375	2.305	2.305	2.305	2.305	2.305	2.305	2.305	2.305
			9.90	1.692	1.692	1.718	1.756	1.776	1.774	1.760	1.760	1.760	1.760	1.760	1.760	1.760	1.760
				CME SPOT CHEESE: BARRELS 1.6000 / 40 LB BLOCKS 1.6600										1.0575	1.0575	1.0575	1.0575

* = 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. 4-WK APR 1-27, 2019	PRODUCT	VALUE	MAKE ALLOW	NET	APR. 2019 COMPONENTS			
16.42(MAY)	16.38(APR)	15.96(APR)	15.72(APR)	17.50(MAR)↑↑	18.50(MAR)↑↑	CHEESE	1.6468	0.2003	1.4465	↑↑	PROT	1.9890	↑↑	
MONTH AGO						BUTTER	2.2669	0.1715	2.4975	↑↑	B.FAT	2.5375	↓↓	
15.76	16.61	15.04	15.71	16.80	17.90	NFDM	0.9641	0.1678	0.7963	↓↓	N.FAT	0.7883	↑↑	
YEAR AGO						DRYWHEY	0.3923	0.1991	0.1932	↑↑	OTHER	0.1990	↓↓	
14.44	14.03	14.47	13.48	15.70	16.00									

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. May 15, 2019 sale New Holland, PA) *MOST RECENT REPORT															
COWS Fresh				Bred				Springing				HEIFERS: Bred			
1100	N/A	N/A	N/A	825	1035	300	400	N/A	735	BULLS (600-1800 lb)					
FOUR WEEK RUNNING AVG															
1050	800	900	850	1000	300	450	600	650							
Avg. of prices reported by USDA Market News for PA & NY Auction Markets May 9-14, 2019															
FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)															
Choice & Prime 1250-1550 lbs light test															
CURRENT															
92.00															
WEEK AGO															
84.50															
YR AGO															
85.00															
BULL CALVES: No. 1 & 2, 90-130 lbs															
CURRENT															
155.00															
WEEK AGO															
125.00															
YR AGO															
115.00															
80-90 lbs															
CURRENT															
75.00															
WEEK AGO															
70.00															
YR AGO															
70.00															

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