CDE DAIRY MARKETS & MANAGEMENT UPDATE All prices — MAY 12, 2021 — except where noted

Exports to Mexico rebounding: One positive for the dairy industry despite a tough year for many dairy farmers last year was the surprising surge in exports since the pandemic began. 2020 ended as a record volume year shipping a milk solids equivalent (MSE) of 2.1 million metric tons (MT) of dairy products throughout the world. The record volume represented \$6.6 bil., second only to 2014 export value. The pandemic affected some countries more severely than others. This was true for Mexico, the largest export market for the U.S. Even though 2020 exports to Mexico were down compared to prior years, new sales to other countries more than offset this. In fact, of the top 10 U.S. dairy export markets, Mexico and number 9, the Caribbean, were the only markets to post decreases. Number 10, Central America, posted no change with the rest ranging +2% to +44%. Number 2, Southeast Asia (+36%) and number 4, China (+44%) led the two highest vear-over-vear increases last year.

The economic depression in Mexico caused by the pandemic was the main reason export sales to Mexico decreased last year. Despite an 8% decrease in value compared to 2018, Mexico remained the largest international market in 2020, at \$1.4 bil. Southeast Asia became the second largest international market for the first time ever, surpassing Canada and China with a value of nearly \$1.3 mil.

Dairy exports to Mexico at the end of 2020 into the first two months of 2021 seemed to be gaining momentum with increased orders of powder and cheese. Increased shipments of nonfat dry milk/skim milk powder (NFDM/SMP) and cheese largely contributed to March exports exceeding year-over-year (YOY) sales for the first time since last June. NFDM/SMP sales increased a dramatic 29% (+5,943 MT) to 26,760 MT, while cheese exports increased 11% (+990 MT) to 9,687 MT, according to the U.S. Dairy Export Council. NFDM/SMP and cheese make up the bulk of exports to Mexico. However, decent gains were made in secondary products like whey (+11%), lactose (+3%) and whole milk powder (+410% from a small base). The value of exports to Mexico in March was estimated at nearly \$143 mil., the

Prices change daily. This market information is an example for educational purposes. The market data below are compiled weekly by Farmshine, via CME & USDA reports

1.15

SEP-21

6 214

WEEK AGO

YEAR AGO -

73.25

DEC-19 JAN-20 FEB-20 MAR-20 APR-20 MAY-20 JUN-20 JUL-20

0.67

DEC-21

5 930

MAY-21 JUN-21

1.31

*AVG =

Average

basis for

North-

East and Mid-East

*MARGIN

= Milk

Price

over Feed

Cost

per cwt

. ÝELLOW

payment

triagered

Price

Average to high dressing

N/A

*AVG 1.25

MAY-21

7 574

JUL-21

7 146

second month in a row to post YOY growth. Hopefully, export growth to Mexico has turned the pandemic corner and will continue to increase in 2021.

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The increase in exports to Mexico in March helped to contribute to a record-setting

March. According to USDEC, a total of 215,557 MT of MSE dairy products crossed U.S. borders in March and set a new monthly record. This is equivalent to 18.6% of U.S. March milk production and the second highest percentage of production exported. One out of every 6 tanker loads of milk is now destined to customers outside the U.S. March exports are estimated at 688 mil., the highest monthly value since 2014. USDEC cautions this number could be skewed by a backlog of orders made prior to March that, due to port and shipping issues, finally got shipped in March. It will take time to separate shipments from orders.

2.15

166

DEC-20 *JAN-21 *FEB-21 *MAR-21

CALLS

JUL-23

5 196

MAY-23

5 184

2 55

SEP-20 OCT-20 NOV-20

I have been contacted by dairy farmers about Supplemental Dairy Margin Coverage (DMC) U.S. DAIRY EXPORTS, TOP 10 MARKETS Production History an- 2020, million \$ nounced last December. There is no update from USDA on when enrollment will start. It will likely be June or later. Whenever enrollment those already enrolled in DMC will be able to update their production history, and supplemental DMC payments will be retroac-

tive to Jan 1, 2021.

2020 vs. prior year \$1,405 Mexico -8% 1.264 Southeast Asia +36% Canada 824 +2% China 540 +44% South America 385 +5% South Korea 373 +12% MENA 328 +20% 323 Japan +14% Caribbean 218 -7% Central America 209 NC

22 APR-22 TREND

1 45

TREND

TREND

05/12/21 1.3075 ↓↓

0.6300 1

1.8500

2.8136

11

11

П

JUL-21 AUG-21 SEP-21 OCT-21 NOV-21 DEC-21 JAN-22 FEB-22	MAR-2
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CME DAILY FUTURES & OPTIONS TRADING — MAY 12, 2021 AT THE CLOSE

CLASS III MILK FUTURES (\$/CWT) vs. week ago: 20 to 40 cents higher, except May-June 2021 10 cents lower 12-Month Avg. 19.14 19.07 19.64 20.08 20.04 19.97 19.66 19.29 18.95 18.42 18.21 18.16 18.21 11 CLASS IV MILK FUTURES (\$/CWT) vs. week ago: 5 to 15 cents lower through October; rest of the board flat, unchanged 12-Month Avg. 17.43

17.75 16.09 16.84 17.12 17.44 17.62 17.58 17.73 17.75 17.75 17.75 17.75 HIGHEST & LOWEST DAILY SETTLE PRICE FOR CL. III OVER LIFE OF CONTRACT & MONTH / YEAR IT OCCURRED

19.96 04/21 20.02 04/21 20.08 05/21 20.04 05/21 19.97 05/21 19.66 05/21 19.29 05/21 14.52 03/20 14.31 03/20 14.50 03/20 14.50 03/20 14.50 03/20 14.21 03/20 14.19 03/20 18.95 05/21 18.42 04/21 18.21 05/21 18.16 05/21 18.21 05/21 14.50 03/20 14.25 03/20 14.70 03/20 14.85 03/20 14.75 03/20 - **PA BASIS & 2016-19 AVG OF PA/NY/VT/OH** 0.95 0.79 0.60 0.79 1.17 MILK BASIS (\$/CWT) - PA 0.99 1.03 YOUR INDIVIDUAL BASIS WILL VARY (MAILBOX - CLASS 3) 1.82 1.58 2.29 0.62 1.53

0.85

AUG-20

0.74 1.67 DMC OFFICIAL GROSS MARGINS per cwt.(USDA All-Milk, com/alfalfa hav & Illinois sovbean prices, feed for all classes of dairy cattle on the farm) MAR-20 APR-20 MAY-20 JUNE-20 JULY-20 AUG-20 9.15 6.03 5.37 9.99 12.41 10.83 DEC-20 JAN-21 FEB-21 *MAR-21 8.78 7.14 6.22 *6.46 DMC JAN-20 FEB-20 SEP-20 **OCT-20** NOV-20

1.38

10 72 10.06 9 40 11.13 11.87 U.S. AVG MILK MARGIN per 100 lbs milk based on 75-lb herd avg & USDA's All-Milk price, USDA-reported com & alfalfa hay & Ill. soybean prices (lactating feed only)

13.86 13.18 12.23 8.77 8.06 12.59 15.04 13.43 12.33 14.44 15.47 12.51 *11.08 *10.65

PA AVG MILK MARGIN per 100 lbs milk based on 75-lb herd average and USDA's PA All-Milk price, USDA com & alfalfa hay & Buff., NY soybean prices (lactating feed only)

* 8.56 8.27 12.36 10.53 * 8.15 * 9.24 13.10 12.20 11.24 6.79 9.44 12.67 11.10 10.91 11.31 13.78 - Daily Strike Price / Premium CLASS III MILK (\$/CWT) OPTIONS - PUTS

19.00 0.06 19.75 0.65 20.00 0.88 20.00 1.08 20.00 1.19 19.75 1.31 19.25 1.28 19.00 1.40 18.50 1.35 18.25 1.41 18.25 1.44 18.25 1.38 **MAR-22**

JUL-22

5 970

SEP-22

5 230

DEC-22

5 116

MAR-23

5 174

MAY-21 SEP-21 **DEC-21 MAR-22 JUL-21** OCT-21 DFC-21 Example CORN (\$/BU) OPTIONS - CALLS **Daily Strike** SOYMEAL (\$/TON) OPTIONS

MAR-22

5 980

6.95 31.50 **395** 33.40 **390** 32.75 **7.10** 32.60 7.10 33.60 7.40 31.60 Price / Premium 390 32.30 390 35.30 7.95 03 70 8.90 08.30 9.00 09.70 8.70 14.10 490 02.55 **540** 03.15 **560** 03.35 600 04.60 CORN FUTURES (\$/BU) MAY-22

5 996

WEEK AGO

7.532 7.084 6.310 6.046 6.084 6.096 6.084 5.454 5.196 5.252 5.260 5.270 SOYMEAL FUTURES (\$/TON)

MAY-21 JUL-21 AUG-21 SEP-21 OCT-21 DEC-21 JAN-22 MAR-22 **MAY-22** JUL-22 AUG-22 SEP-22

450.9 448.8 442.0 433.8 423.7 422.4 418.0 404.8 397.3 395.4 388.7 377.0

WEEK AGO 424.3 424.4 419.1 412.9 405.5 404.9 401.9 393.5 389.6 385.6 379.2 370.2

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 05/12 SPOT CASH TREND PA MILK MARGIN & IOFC-LATEST PSU VALUES - *MAR. 2021 **′21**

*=NEW NOV

PA MILK MARGIN MAY JUN JUL **AUG** 1.343 SEP OCT IOFC (\$/COW

1.374↓↓ NFDM 1 241 1.306 1 352 1 360

1.318 0.649 FEED (\$/CWT milk) @ 75 lbs milk) (\$/CWT milk)

0.512

WHEY 0.652 0.667 0.610 0.578 0.543 \$/CWT *6.9311 *9.2411

MAR.(estimated) *8.6644

1.930 1.859 1.920 BUTTER 1.795 1.849 1.900 1.93511

IOFC = *PREV MO *9.2511 *8.15 ↓↓ CHEESE 1 825 1.876 1.931 1.956 1.962 1.956 1.930 11

See Below YR AGO / 11 CME SPOT CHEESE: BARRELS 1.7550 / 40 LB BLOCKS 1.8125

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

CL I ADV11 *CL II11 *CL III11 *CL IV11 *ALL-MILK-U.S *ALL-MILK-PA WEIGHTED AVG. 4-WK APR. 1-30, 2021 APR. 2021 17.10(MAY) *15.56(APR) *17.67(APR) *15.42(APR) *17.40(MAR) 11 *17.90(MAR) 11 **PRODUCT** VALUE MAKE ALLOW NET **COMPONENTS**

MONTH AGO *BUTTER 1.7814 0.1715 1.6099 11 *B.FAT 1.9496 15.51 15.07 16.15 14.18 17.10 17.40 *NFDM 1.1680 0.1678 1.0002 *N.FAT 0.9902 YEAR AGO *DRYWHEY 0.6135 0.1991 0.4144 11 *OTHER 0.4268 13.87 11.40 17.90 18.90 13.07

CATTLE - DAIRY PURPOSES(\$/HD) NORTHEAST (Avg. May 12, 2021 sale New Holland, PA) COWS: Fresh Bred Springing HEIFERS: Bred Beef x (bred) Springing Open: 300-600 lbs Beef X 600-900 lbs 900-1000 lbs BULLS(1100-1300 lb)

1035 1060 1070 ltd 900 750 Itd 950 425 300 650 600 (Jerseys) N/A MONTH AGO COMPARISON 1075 800 1200 750 N/A 825 350 N/A 400 N/A 990 FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT) **CURRENT Beef X** WFFK AGO YR AGO

Avg. of prices reported by USDA Market News for PA Auction Markets May 6-11, 2021

CULL MARKET COWS (\$/CWT LIVEWEIGHT No report Choice & Prime 1250-1550 lbs light test 97.85 92 10 11 **BULL CALVES:** No. 1 & 2, 90-130 lbs 180.00 265.00 180 00 No report 11 **Premium White** Breakers Boners Lean 11 70-85 lbs 145.00 N/A 145.00 No report 68.2511 66.7511 56.8511 N/A

brought to you by: 70.50 59.85 **Dairy**EXCELLENCE FARMSHINE pennsylvania Sale not reported by USDA due to COVID shut down

*CHEESE

1.7106

0.2003

1.5103

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